

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

THIRD SESSION—THIRTIETH PARLIAMENT

26 Elizabeth II

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COMPRISING THE PERIOD FROM THE EIGHTEENTH DAY OF OCTOBER, 1977
TO THE TWENTY FIRST DAY OF NOVEMBER, 1977

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HOUSE OF COMMONS

Tuesday, October 18, 1977

THIRD SESSION—THIRTIETH PARLIAMENT—OPENING

[*English*]

The Parliament, which had been prorogued on the seventeenth day of October, 1977, met this day at Ottawa for the dispatch of business.

The House met at 3.52 p.m., the Speaker in the chair.

Mr. Speaker read a communication from the Canadian Secretary to the Queen announcing that Her Majesty the Queen would proceed to the Senate chamber at 3.45 p.m. on this day for the purpose of formally opening the third session of the thirtieth Parliament of Canada.

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, it is the pleasure of the Queen that this honourable House attend her immediately in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

And the House being returned to the Commons chamber.

* * *

[*Translation*]

OATHS OF OFFICE

Right Hon. P. E. Trudeau (Prime Minister) moved for leave to introduce Bill No. C-1, respecting the administration of oaths of office.

Motion agreed to and bill read the first time.

* * *

SPEECH FROM THE THRONE

Mr. Speaker: I have the honour to inform the House that, when this House did attend Her Majesty the Queen this day in the Senate chamber, Her Majesty was pleased to make a speech to both houses of parliament. To prevent mistakes I have obtained a copy, which is as follows:

[*French text*]

Honourable Members of the Senate:

Members of the House of Commons:

I have greatly looked forward to being with you here in the Canadian Parliament in my Silver Jubilee year. Whenever I am in this wonderful country of Canada, with her vast resources and unlimited challenges, I feel thankful that Canadians have been so successful in establishing a vigorous democracy well suited to a proud and free people.

In this historic Chamber surrounded by the symbols and records of generations of Canadian legislators, I am very conscious of what Parliament has achieved—by transforming the visions and ideals of a great country into the enduring law of the land.

[*English text*]

In ten visits together to Canada spread over a quarter of a century—seven in the last decade alone—Prince Philip and I have met many thousands of Canadians in all walks of life, of all ages, in every province and territory. My happiest memories of our travels throughout Canada have been these individual contacts which have revealed the enormous strength and astonishing diversity of this nation.

A generation of Canadians has been born, and grown to maturity during my reign. I know you will understand when I say that I have a special interest in these young men and women, contemporaries of our own children. They are people made strong by the achievements of their parents and grandparents, but not imprisoned by the prejudices of the past. In their sensitivity towards other people, in their sense of justice, their generosity and good will, lie not only lessons for us all, but also the best and surest hope for unity and understanding among Canadians everywhere. I look forward in meeting more of them next year in Edmonton when I shall have the pleasure of opening the Commonwealth Games.

I have always been full of admiration for what Canada is: the new generation fill me with confidence for what Canada can become.

[*French text*]

The growth of those young men and women over the past quarter-century has been matched by a rapid expansion of Canada's economic strength and international stature.

Within an evolving Commonwealth, Canada's influence is steadily growing, particularly as an advocate of human dignity, justice and co-operation.

This greater influence has been used by Canada to pursue such critical goals as a more equitable sharing of wealth and opportunity, the enhancement of individual freedom, the conservation of the planet's scarce resources, and the prudent control of nuclear technology.

The post-war period of sustained economic growth conferred great new wealth upon Canada. Productivity and standards of living improved substantially, and the country could afford to provide better economic protection for the sick, the aged, the unemployed and the poor.

But growth produced new sets of problems with which the world community has not yet learned to cope successfully.

High rates of unemployment and inflation are clear signals of the inadequacy of economic strategies appropriate to simpler times. They are also signals of the urgent need for important structural adjustments in the economies of Canada and other industrialized countries. More than that, they are the symptoms of an illness which can be cured only by a readjustment of our values, and by a re-discovery of the merits of self-discipline and fair sharing.

The process of change will require continued consultation with Canadians, so that there may be a shared appreciation of current problems, and a shared acceptance of strategies for the future.

The government publications entitled *The Way Ahead* and *The Agenda For Co-operation* were designed to involve all Canadians in the discussion of how best to adapt to changing economic circumstances.

The changes that are now taking place impose burdens on some Canadians, and the Government remains committed to protecting these individuals.

The Government has recently made new funding proposals to the provinces which will improve the efficiency and flexibility of social services such as the rehabilitation of disabled persons, day care and community development services. The delivery of these services will thereby better reflect varying conditions and priorities across the country. It is hoped that the response of provincial governments will lead to the introduction of a revised Social Services Act during this Session.

The human hardship imposed by the current level of unemployment in Canada is deeply disturbing. It is neither just nor tolerable that in this country there should be so many men and women deprived of the dignity of self-supporting work, unable to meet their financial commitments and plan confidently for the future. It is intolerable that so many are deprived of their right to secure and productive lives, and that their families bear an unfair burden of worry, uncertainty, and deprivation. On a national scale, unemployment now constitutes a very serious obstacle to economic growth.

The benefits of existing government job stimulation programs, such as youth and community employment projects, and direct job creation by government, are visible to all. New initiatives have also been taken to encourage the mobility and upgrade the skills of the Canadian labour force, and to encourage small business. But more must be done.

[*English text*]

To stimulate the expansion of industrial activity and create jobs in the private sector, the Government adopted a number of initiatives in its March budget. The investment tax credit was extended and was also increased in slower-growing regions of the country as a means of reinforcing the regional development policy of the Government. Tax incentives were increased for energy exploration and rail facilities. The dividend tax credit was substantially increased to encourage investment; deductible capital losses were doubled; and businesses were permitted to adjust inventory valuations to partially offset the effects of inflation.

Legislation will be reintroduced to effect these tax reductions and investment incentives. But the current unemployment situation obviously requires further action. Therefore, this legislation will be significantly strengthened to provide further immediate stimulus to the economy and to create new employment. The details of these further initiatives will be announced by the Minister of Finance during the course of the debate which begins tomorrow.

Further stimulus must not be allowed to compromise our objective of continuing reductions in inflation. The Government will continue to exercise responsibility in controlling its expenditures. The continuation of the income and price controls program through the early part of 1978 will help to contain inflationary pressures, but controls on prices and incomes must then end. You will be asked to approve legislation to amend the Anti-Inflation Act to allow an orderly process of decontrol, as well as legislation to create a monitoring agency.

The Government is confident that the outcome of the Multilateral Trade Negotiations now underway in Geneva will be of considerable benefit to Canada. Consultations with the provinces and with the private sector will be intensified, in order to ensure that this benefit is shared by all regions of the country.

In preparation for the new trading environment which Canada will face in the 1980's, the Government will introduce measures in this Session to enhance Canada's exports. Further support will be provided to the private sector in undertaking large capital projects in other countries.

In the continuing implementation of its food strategy, the Government will work with the provinces to ensure a co-ordinated approach to agricultural development, making better use of Canada's food-producing potential.

As part of the Government's consultation process, a National Food Conference will be held. It will bring together representatives of governments, producers, consumers and the food industry to work together toward a national agreement on how Canada's food strategy should be further developed and implemented. New initiatives are underway to provide the consumer with readily accessible information on food prices and nutrition. The Government will ensure that the views of producers, processors and consumers are adequately represented on marketing boards and agencies, so that they may operate more effectively.

Several measures will be placed before you to improve the national transportation system. For example, new ports legislation will be introduced which will enhance local autonomy while maintaining the overall national interest.

In the field of energy, it will continue to be the determined policy of the Government to work with the provinces toward the goal of self-reliance, particularly by encouraging exploration and conservation to reduce our dependence on imported oil. Further encouragement will be given to the development of energy saving technology, of renewable energy sources, and of the application of solar energy.

There are encouraging signs that the policy measures introduced over the past few years to promote exploration and development are beginnning to bear fruit. In particular, exploration for natural gas in Western Canada appears to have been highly successful over the past two years. There are also encouraging prospects in the Beaufort Sea area and the Arctic Islands. Petro-Canada, in co-operation with the private sector, is seriously examining the feasibility of delivering natural gas to markets in Quebec and the Atlantic Provinces.

Exploration in the Arctic will be further encouraged by the proposed northern gas pipeline. A Bill will be placed before you to seek your approval for the implementation of the pipeline agreement negotiated with the Government of the United States. This historic agreement—which will launch one of the largest civil engineering projects in the history of the world—will provide immense benefits to Canada through jobs, investment, the purchase of materials and through easier and cheaper access to northern Canadian gas reserves.

You will also be asked to approve a Canadian Petroleum and Natural Gas Act, which will regulate oil and gas exploration on federally administered lands and establish a system of royalty payments.

The Government is committed to ensure that northern development occurs in a manner consistent with the rights of northern native peoples to negotiate a just and reasonable settlement of their land claims, and to participate in and shape such development. Consultations with native groups are continuing. In the Yukon, the Government will propose special measures to ensure that pipeline construction will not prejudice native rights or foreclose opportunities. In the Northwest Territories, the Government has appointed a commissioner to consult with interested groups and advise on the pace and manner of the further constitutional evolution of the Territories.

[*French text*]

So pervasive are economic influences on people's daily lives that failure to secure economic stability and justice would, in itself, stimulate a sense of alienation, mutual hostility, and divisiveness among Canadians. In the context of the current national unity debate, therefore, it is imperative that feelings of linguistic or cultural inequality not be allowed to be further poisoned by evidence of economic injustice. Conversely, there is no doubt that the level of uncertainty evident in Quebec has a negative effect on the economy.

Few countries are as blessed as Canada, where a wealth of freedom and of this world's goods is apparent for all to see. Perhaps only those who have come here from less fortunate lands can appreciate to the full the great good fortune of living in a country so favored by nature, and so enriched by its cultural diversity.

Even in the midst of plenty, however, there are Canadians who know they are not receiving their fair share. To cite just one example, in those parts of the Atlantic Provinces where unemployment is particularly severe, some see themselves as an excluded group, able to gaze upon the good life only from a distance. There are many living in the West who have contributed much to Canada, yet believe their voice is little heard by others. There are many living in Quebec who feel deeply that Canada at present does not provide them with the opportunity to

fulfill their reasonable aspirations. There are native peoples across the land who are still in search of a better life for themselves and their children.

This discontent in such a wealthy country must find its causes in the human spirit, and it is there also that the unity of the nation must be found. A greater willingness to listen to each other, to understand each other's needs, a greater generosity between individuals and between different parts of the country, a greater willingness to sacrifice so that others may have a chance, to take less so that others may have enough—all these are in the realm of the spirit. All are essential to the unity of the country. Governments, of course, have a special responsibility to both encourage and respond to the spirit of unity by their words and their actions. Canadians are, I believe, coming to recognize the seriousness of the problem. They are recognizing the need to make a new and deeper dedication to mutual understanding and sharing.

The Government dedicates itself profoundly to the re-discovery of the spirit of unity. It wishes to learn from all who are interested in Canada and who have thoughts on how it can be made a better place in which to live. It is prepared, particularly, to work with the governments of the provinces, all of whom have a vital interest in a better Canada.

The Government recently appointed the Task Force on Canadian Unity which is now in the process of canvassing opinion in all parts of Canada. The work of the Task Force should assist Canadians to participate more actively in debate, and to make a greater contribution to the future shaping of the country.

[*English text*]

The Government will also be placing before Parliament, and in this way before the people of Canada, later in this Session, a measure that will contain a number of proposals relating to the Constitution of Canada, which it believes will be of particular importance for the future of the country. The proposals will be concerned, among other matters, with the essential nature of the Canadian federation and its objectives, with certain fundamental rights and freedoms which the Government feels should be enjoyed by all Canadians as being essential to Canada's continuing existence as a free and democratic society, and with certain elements of the framework of the Canadian federation that are important to its effective functioning.

It is the hope of the Government that these proposals will stimulate a process of constitutional review in which all governments in Canada will share and in which Canadians generally will have an opportunity to express their views and convictions about the kind of Canada they wish to have now and in the future. We may confidently expect that, from that process, may emerge a new federalism that will receive the support and the devotion of Canadians everywhere.

The question of language rights is of particular relevance to national unity, and the Government has therefore welcomed the historic "Statement on Language" approved at the meeting of provincial Premiers at St. Andrews in August. The Government believes that this important initiative can and should become a basic part of our Constitution and has recently asked the provinces to consider this possibility.

After consultation with the provinces, the Government will amend the criminal code to guarantee the right of accused persons to be tried in the official language of their choice.

The goal of enhancing the rights and freedoms of Canadians can also be pursued through commitment to the principle of open government. An example of that commitment was the enactment of the Human Rights Act, and the recent appointment of the Human Rights Commission and the Privacy Commissioner. To the same end, the Government looks forward to hearing the views of Parliament on the Government's proposals concerning public access to official documents. In the further promotion of open government, you will be asked to approve the establishment of the office of ombudsman to deal with complaints arising from federal administrative actions.

The Government will also propose the amendment of the Official Languages Act, in order to make more specific its provisions respecting the language of work of federal employees, to strengthen the role of the Commissioner of Official Languages, and to clarify the role of the courts in safeguarding the equality of status of the official languages within the jurisdiction of the Government of Canada.

A comprehensive policy for official language minorities will be announced, and initiatives will be taken to ensure its full implementation within federal institutions. In the coming months, the Government will be proposing specific initiatives to be taken in collaboration with the provinces, and exploring ways of assisting the provinces in measures which they propose for ensuring greater availability of education in both official languages to all Canadians.

The unity of Canadians is often judged by the manner in which the federal and provincial governments work together for the benefit of the citizen. It is in recognition of this that the Government has recently designated a Minister of State responsible for federal-provincial relations, so that greater attention can be given to the search for harmony and co-operation between governments in Canada.

[*French text*]

Given the new economic realities to which Canada must adjust, and the urgency of promoting linguistic and cultural harmony, it is readily apparent that Canada is now entering a new era.

It can be an era of increasing confrontation, tension and division, or an era of enhanced freedom, co-operation and unity of purpose. Fundamentally, the choice must be made by every citizen every day.

It is apparent to thoughtful Canadians everywhere that this is a time of great decisions for Canada, a time for re-discovering the strength and potential of a marvellously free and caring society.

That re-discovery will require that Canadians rededicate themselves to each other's well-being, just as I dedicate myself anew today to the people and the nation I am very proud to serve.

Members of the House of Commons,

You will be asked to consider budget proposals and to approve the expenditure of funds required for the administration of government services and programs.

Honourable Members of the Senate,

Members of the House of Commons,

May God bless and inspire all your deliberations and decisions.

[*English*]

Right Hon. P. E. Trudeau (Prime Minister) moved:

That the Speech of Her Majesty the Queen delivered this day from the throne to the two houses of parliament be taken into consideration later today.

Motion agreed to.

House of Commons

[*Translation*]

HER MAJESTY THE QUEEN

MESSAGE OF LOYALTY AND AFFECTION

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I move, seconded by the hon. Leader of the Opposition, that a humble address be engrossed and presented to Her Majesty the Queen, in the following words:

"TO HER MOST EXCELLENT MAJESTY ELIZABETH THE SECOND, By the Grace of God of the United Kingdom, Canada and Her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

[*English*]

We, Your Majesty's dutiful and loyal subjects, the Commons of Canada, in Parliament assembled, humbly wish to convey to Your Majesty the loyalty, affection and deepest respect of this House and of all Canadians, our happiness in welcoming Your Majesty and His Royal Highness The Prince Philip to Canada during Your Majesty's Silver Jubilee, and our gratitude to Your Majesty for graciously opening the Third Session of the Thirtieth Parliament.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

HOUSE OF COMMONS

INTERNAL ECONOMY COMMISSION

Right Hon. P. E. Trudeau (Prime Minister) presented the following message from His Excellency the Governor General:

His Excellency the Governor General transmits to the House of Commons a certified copy of an order in council appointing the Hon. Allan Joseph MacEachen, Deputy Prime Minister and President of the Queen's Privy Council for Canada, the Hon. Jean Chrétien, Minister of Finance, the Hon. Stanley Ronald Basford, Minister of Justice and Attorney General of Canada, and the Hon. Robert Knight Andras, President of the Treasury Board, to act with the Speaker of the House of Commons as commissioners for the purposes and under the provisions of chapter H-9 of the Revised Statutes of Canada, 1970, intituled: an act respecting the House of Commons.

[*English*]

APPOINTMENT OF DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. P. E. Trudeau (Prime Minister) moved:

That Charles Turner, member for the Electoral District of London East, be appointed Deputy Chairman of Committees of the Whole House.

Motion agreed to.

[*Translation*]

APPOINTMENT OF ASSISTANT DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I move, seconded by the Minister of Finance (Mr. Chrétien):

[Mr. Trudeau.]

That Denis Ethier, Esq., member for the Electoral District of Glengarry-Prescott-Russell, be appointed Assistant Deputy Chairman of Committees of the Whole House.

Motion agreed to.

* * *

[*English*]

BUSINESS OF THE HOUSE

REINSTATEMENT ON ORDER PAPER OF CERTAIN BILLS

Mr. Speaker: Order. Members will recall that on July 22, 1977, the House adopted Standing Order 117 which made an order respecting Bills C-7, C-17 and C-40 of the Second Session of this thirtieth Parliament and their reinstatement on the Order Paper in this the Third Session.

Accordingly, it is my duty to inform the House that, pursuant to Standing Order 117:

Bill C-2, an Act respecting the administration and development of certain fishing and recreational harbours in Canada, is deemed to have been read a first time, ordered to be printed, read a second time and referred to the Standing Committee on Fisheries and Forestry.

Bill C-3, an Act respecting the reorganization of Air Canada is deemed to have been read a first time, ordered to be printed, read a second time, referred to and reported from a committee and ordered for consideration at report stage.

● (1700)

Bill C-4, an Act to amend the Aeronautics Act is deemed to have been read a first time, ordered to be printed, read a second time and referred to the Standing Committee on Transport and Communications.

The three bills will appear, renumbered, on tomorrow's order paper in their respective places.

SUSPENSION OF STANDING ORDER FOR HOUR OF ADJOURNMENT

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I move, seconded by the Minister of Finance (Mr. Chrétien):

That for this day's sitting, Standing Order 6(1) be suspended and that on Wednesday, October 19, 1977, notwithstanding Standing Order 6(3) the House shall not be adjourned until the leaders of all parties have spoken in the Address debate.

Motion agreed to.

* * *

[*Translation*]

TELEVISION AND RADIO BROADCASTING OF PROCEEDINGS OF THE HOUSE AND ITS COMMITTEES

RECONSTITUTION OF COMMITTEE

Right Hon. P. E. Trudeau (Prime Minister) moved:

That a special committee, consisting of Mr. Speaker and Messrs. Beatty, Coates, Goodale, Laprise, Pinard, Reid and Symes, be appointed to supervise the implementation of a House resolution dated January 25, 1977, and an order of the House dated March 2, 1977, in respect of radio and television broadcasting of proceedings of the House and its Committees;

That the committee have all powers given to standing committees under Standing Order 65; and

That the Minutes of Proceedings and Evidence and other documents received on this subject during the second session be referred to this committee.

Motion agreed to.

SPEECH FROM THE THRONE

[*Translation*]

ADDRESS IN REPLY, MOVED BY MR. DENNIS DAWSON AND SECONDED BY MR. DONALD WOOD

The House proceeded to the consideration of the speech delivered by Her Majesty the Queen at the opening of the session.

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, first of all I would like to thank the right hon. Prime Minister (Mr. Trudeau) and the members of the cabinet for giving me the task of moving the address in reply of the Speech from the Throne. That is not only a sign of confidence, which I greatly appreciate, but also an honour to which I am greatly sensitive. That honour I will share with the constituents of Louis-Hébert and the people of my own generation, people under 30, who constitute almost one third of the Canadian electorate. Before going any further, Mr. Speaker, may I join with my colleagues of this House in offering my heartfelt sympathies to the hon. member for Halifax (Mr. Stanfield) who has been sadly affected by the demise of his wife.

Since it is the first time that I have the honour of addressing the House, I also take the opportunity to thank the right hon. Prime Minister for allowing me to join his team. It is for me a privilege and an honour to work beside him for the better-being of Canadians. I am satisfied, Mr. Speaker, that on this the 18th day of October, you, as well as my hon. colleagues, and those who are attending, will join me in wishing the right hon. Prime Minister a very happy birthday.

[*English*]

I also take the opportunity to thank my colleagues for their help and support since my election. Many persons complain about what we used to call the red tape of the administration. Well, I can tell those people that the newly elected member of parliament also faces many problems which he could not solve without the assistance of his fellow M.P's.

[*Translation*]

Mr. Speaker, the task which was entrusted to me by my constituents of Louis-Hébert, last May 24, is one of high responsibility. I am proud to be the successor of Mrs. Albanie Morin, this great lady of politics, whose self-denial and hard work will be forever engraved in our minds. Mrs. Morin was beloved by everybody and had won the respect and great esteem of all. I owe it to her memory to serve the constituents of Louis-Hébert as well as she did and, during my time in this

House, I would like to leave as deep a mark and reach the same level of respectability as she did.

As you know, Mr. Speaker, the constituency of Louis-Hébert is located in the metropolitan Quebec area. It includes the municipalities of Sainte-Foy, Sillery, Cap-Rouge as well as part of the beautiful city of Quebec. At the time of the last by-election, Louis-Hébert numbered over 76,000 voters and its population is of mixed origin. For the next election, my constituency will include what we call the Laurentian district and the township of l'Ancienne Lorette, and consequently Quebec airport. Since the metropolitan area of Quebec City forms a whole, economic and social progress in the riding of Louis-Hébert is closely linked to its development. At the economic level, developing Quebec Harbour and setting up new industries should in my opinion be the two major priorities for government action. The federal government has already agreed with one of our requests when it accepted the projected dredging of the channel in the St. Lawrence river in order to increase its depth from 38 to 41 feet. However, that is only a beginning. As a matter of fact, Quebec Harbour competes with other harbours on the St. Lawrence, in the Maritimes and on the West Coast. Basic rail and highway facilities are already available for fast transportation of freight from Quebec Harbour to major centres. Therefore, we have the necessary potential and it is of a vital importance that we further develop our harbour.

Also, in this period of economic slowdown, the state must become aware of its privileged situation and stimulate the economy. Government action must therefore encourage investments and the creation of new industries. Mr. Speaker, the Louis-Hébert constituency is no more free of the problem which requires immediate government attention than any other riding in Canada. As a member of parliament, I am particularly concerned with the social development of my constituency. I also particularly care for the aged and low income people. I urge the federal government which has already done much in areas to intensify its programs.

Finally, I am happy about the recent announcement by the hon. Minister of Finance concerning the administrative decentralization program of the federal government. In my opinion, the Louis-Hébert riding is an ideal location for setting up federal departments in the Quebec city area. All the required infrastructures are available to help civil servants settle in our region which is at the crossroads of the major communications areas of Eastern Quebec. As I mentioned earlier, this would be the kind of investment that my riding urgently needs.

[*English*]

Now, Mr. Speaker, having presented you my constituency of Louis-Hébert, I should like to comment on the Speech from the Throne made by Her Majesty, one dealing with the three most important issues our society is facing. Those issues—the economy, energy and national unity, have already been discussed in this House but will be given particular attention during the present session. Those areas are related to the survival of our nation, and to the well-being of all Canadians. They will lead to many important debates in this House which

are essential to the continuity of our country. This House, in the past, has been the theatre of many historical debates such as the railway debates and the national flag debates, and has always treated the problems with efficiency and wisdom. Again the House will be called upon not only to discuss but to find lasting solutions to problems challenging the basis of our society and of our country.

[*Translation*]

Because of the specific nature of the problems it raises and the way it deals with them, the speech that we have just heard is a message of hope. It is truly aimed at the future.

In recent years, Western economy has been faced with an increase of the scourges of unemployment and inflation. Countries which were once economically strong, such as Great Britain, Italy and other European countries, have been experiencing a daily deterioration of their economy without any hope for improvement. Third World countries, especially oil exporting countries, have suddenly become aware of their wealth and are now accumulating large stocks of currencies, which may be a threat to importing countries. Also, productivity, which is an essential prerequisite to any development or economic recovery, has been decreasing dangerously, especially here in Canada. It is impossible not to relate the weakening of the dollar to the constantly decreasing productivity of our industries.

It has often been said: other times, other mores. As was mentioned in the Speech from the Throne, all economic theories currently applied in the past having partially failed, we must find—and rapidly—new formulas to solve the problems facing us. In this task, Canada will still demonstrate the audacity it has shown in the past. The speech which the Minister of Finance (Mr. Chrétien) will deliver here in the House this coming Thursday evening will contain concrete and efficient measures which reflect the desire of this government to tackle our economic problems as vigorously as those same problems can strike us.

Besides, Mr. Speaker, the Speech from the Throne already gives us an example of the measures which will be put forth by this government. Short and long term job creation programs will attempt to lower an unemployment rate that is already high. Measures meant to spur our economy and increase our productivity will give us the momentum we need to be competitive on external markets. Finally, new legislation dealing with investments will allow us to retain control over our economy.

Mr. Speaker, these are measures which will foster the welfare of all Canadians and whose repercussions will be felt, I am sure, down into my own riding of Louis-Hébert. If the increase in the price of our energy caused us to worry a great deal in the past, our present concern must bear on our future needs in energy supply. Similarly, in anticipation of times of scarcity our efforts must also be directed toward self-sufficiency in the area of energy. In that respect, Mr. Speaker, the message contained in the Speech from the Throne as well as the measures it proposes are unequivocal. The renewed exploration of known sources of energy and the increased conservation of energy that we now have, combined with the efforts of the government and the excellence of Canadian technology, will result in our country becoming a leader in this area.

● (1710)

[*English*]

We now come to the main subject contained in the Speech from the Throne, national unity. As a matter of fact, nothing can be done, no lasting solutions can be found to our problems, unless we have a strong and united Canada.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Dawson: His Excellency, Mr. Pierre Dupuy, said in his opening speech at Expo 67 that great peoples are formed through continuity. Well, Mr. Speaker, Canada was created through continuity and dialogue and I think that is how it must progress and renew itself.

[*English*]

Canada, which was created in 1867, is not a country like others. It was not built on revolutions or wars. Among modern societies, our ancestors were the only ones to build themselves a nation that was founded neither on race, nor nationality, nor revolutionary ideology. The Prime Minister of Canada once said:

> The Canadian citizenship is not based on geographic sense. It is not historic, but is more or less spiritual. Canada is not united by geography, ethnic ground, historic or even linguistic background.

The Fathers of Confederation have not followed any of the traditional paths. They created what was then called the "new nationality". They knew that for two centuries the founding nations of Canada had refused assimilation. Each culture worked to survive distinctly, and this new nationality had to be more complete than the traditional nationalities. Our country was built not only of different populations or political entities, but it was built on dialogue. Yet it seems that the dialogue which they were hoping for has had very bad and very sad moments. If we consider the language question of Canada, or the crisis of November 15, we can easily see that the dialogue has not been permanent. The discussions have often degenerated into debates and even conflicts between the different echelons of Canadian governments.

Where we stand now, we must have the same innovative spirit and wisdom as that which prevailed in 1867. On that point, Mr. Speaker, may I be permitted to quote the Speech from the Throne:

[*Translation*]

> The Government dedicates itself profoundly to the re-discovery of the spirit of unity.
>
> It wishes to learn from all who are interested in Canada and who have thoughts on how it can be made a better place in which to live.
>
> It is prepared, particularly, to work with the governments of the provinces, all of whom have a vital interest in a better Canada.

We must create a climate of mutual understanding to promote dialogue and appropriate solutions to our problems.

On the other hand, our efforts will have to be geared above all to re-arranging our present constitution.

Our constitution was written 110 years ago, and our society and country have since evolved. Perhaps our constitution was not able to adapt to those changes considering the desire by all governments—federal as well as provincial—to ensure in the way they thought best the better-being of taxpayers. It is normal that provinces should fight to keep or patriate powers they consider theirs and that somehow they should want a certain autonomy. As a matter of fact, has not Canada already felt this desire for autonomy from England and now from the United States? I suggest it is perfectly normal on the part of the provinces to claim more powers and to insist on a constant reassessment of the sharing of responsibilities, to reflect the progress of our community as a whole.

On the other hand, I suggest it is also perfectly normal on the part of the central government to keep the powers which are in the national interest and which concern Canada as a whole. All of this should be made part of our new constitution, but its main feature should include the possibility and the capability of adapting to the changes our society will certainly go through in the future.

Mr. Speaker, the coming into power of the Parti Quebecois in the province of Quebec gives us a unique opportunity. It challenges us to a debate on the future of our country; this debate which is essential, in my humble opinion, would have come about differently, had it not been for the November 15th elections. We must approach this debate in a logical and rational way. In the Province of Quebec, we can see presently an unfortunate example of the mistakes caused by passionate behaviour. Therefore it is necessary to approach the coming discussions with complete objectivity and with one single purpose in mind—the well-being of all the Canadian people.

Furthermore, Mr. Speaker, it is also essential that we settle once and for all this matter of Canadian identity. The time and energy we spend discussing our future would be put to much better use if directed to the economic and social progress of our people. That is why I fully endorse the remarks made by the Prime Minister (Mr. Trudeau) before the Chamber of Commerce of Quebec seven or eight months ago, when he said that time for choice and decision had come. We cannot afford the luxury of another decade of hesitation.

In order to find a solution to our constitutional problem, the government has already taken positive steps, such as the appointment of a Minister of State to deal particularly with federal-provincial relations, the creation of a special commission to issue specific recommendations, as well as the setting up of a task force to study the evolution of the situation. The Speech from the Throne also mentions concrete measures which, in addition to those already taken by the government will form the basis of the Federal Government's endeavour to reorganize the political and constitutional scene in Canada today.

Mr. Speaker, I am one of those Canadians under 30, who represent one third of the Canadian voters. My own future and the future of people of my age will be considerably influenced by the decisions that will soon be taken about the years lying ahead and the development of natural resources in Canada. Consequently, I would like to emphasize the importance of youth in relation to the discussions that will soon take place within and without this House.

If our long term goal is to maintain national unity and progress in this country, we must now make enormous efforts where our youth is concerned. All through my last election campaign I could notice even among my younger supporters, a sense of growing dissatisfaction with our present federalism and in the current state of affairs indeed, such dissatisfaction is justified in my view. It would stem from a lack of understanding of what Canada is all about, and even more from the unawareness of what Canada can offer them. As Canadian members of parliament and as a government, we therefore must keep a closer contact with our Canadian youth, because even if we could be sure of beating the current Quebec government during the referendum campaign, a majority of our young people would still be inclined to adhere to the independence venture. So we must convince them that their greatest opportunities for the future lie in a united and renewed Canada rather than in the separatist doctrine. We should stop trying to destroy the ideal of independence in this idealistic youth, and give them instead a still more challenging one, namely Canada.

In this overture to our youth, we must all do our share and let our young people play a positive role in the building of our country's future. We should be inviting their participation rather than fearing it. Since we represent nearly a third of Canadian constituents, it would be normal to find young men and women below 30 at the highest echelons in the institutions that now make up the country we will be living in tomorrow. In this regard, I would add that the presence of at least one Canadian below 30, or maybe 35, would have been in order on the Pepin-Robarts Commission.

Mr. Speaker, I am not suggesting that our youth should be put in complete control, since they are aware of their own limitations as much as I am myself, but that we combine the energy of the young with the wisdom of those more advanced in life. It must nevertheless be kept in mind that our senior citizens, pensioners and veterans deserve respect, for they have greatly contributed to the building of our country so that we may live as we do today. Nor is it a question of sacrificing the past to the present or the future, but rather of giving our young people the opportunity to take a more active part in the building of the future Canada.

I believe that knowing that our young people want to make a greater contribution and relying on the message of hope and renewal contained in the Speech from the Throne that we just heard, we may say after Voltaire: Youth is blessed for it will see great things.

In conclusion, Mr. Speaker, I move, seconded by the hon. member for Malpèque (Mr. Wood), that an humble address be presented to Her Majesty the Queen in the following terms:

To Her Most Excellent Majesty the Queen, our Most Gracious Sovereign:

We, Your Majesty's loyal and dutiful subjects, the House of Commons of Canada, in Parliament assembled, humbly wish to convey to Your Majesty our gratitude for the gracious speech Your Majesty has addressed to both Houses of Parliament.

• (1720)

[*English*]

Mr. Donald Wood (Malpeque): Mr. Speaker, I am proud to have the opportunity to second the motion of the hon. member for Louis-Hébert (Mr. Dawson). It has not been long since I first joined my colleagues in this Chamber, and I am therefore grateful for the confidence that was expressed in requesting that I second this motion for an Address in Reply to the Speech from the Throne.

This has indeed been a splendid day for parliament and an historic day for Canada in that it represents the second time in our history that our Sovereign has, in person, opened a session of parliament. I might add that it is a tribute to our Queen that she, the most travelled Canadian monarch in our history, is not only the second monarch ever to read the Speech from the Throne, but that she was also the first. It is indeed the energy and the grace of our Queen that have made our monarchy a symbol of adaptability and conscience in a rapidly changing world.

I was most pleased that Her Majesty took time to remember on Sunday night in her dinner speech her visit to Prince Edward Island during our centennial Year.

Some hon. Members: Hear, hear!

Mr. Wood: We indeed remember fondly her gracious presence on our beautiful island. I am sure that my constituents will join all islanders in saying to her that she will always be welcome in our midst and we hope she will soon return.

Some hon. Members: Hear, hear!

Mr. Wood: Mr. Speaker, I should like to join with you in expressing my condolences to the hon. member for Halifax (Mr. Stanfield) and his family.

I now want to pay tribute to the hon. member for Louis-Hébert who so eloquently moved the Address in Reply to the Speech from the Throne.

I would be remiss if I did not express my appreciation to Your Honour whose impartiality and clear-sightedness were obvious to me in the last session.

Some hon. Members: Hear, hear!

Mr. Wood: As is the custom, I should like to talk about my constituency and my beloved island home; but first I want to pay personal tribute to the Minister of Veterans Affairs (Mr. MacDonald) who represents Prince Edward Island in the cabinet.

Some hon. Members: Hear, hear!

Mr. Wood: This is a minister who possesses the common-sense, determination, and the dignity that I like to associate with all Canadians. All Canadians would do well to use this minister as a model in decision-making and moral fabric.

Some hon. Members: Hear, hear!

Mr. Wood: And, speaking of great individuals, the Prime Minister (Mr. Trudeau) is celebrating a birthday—Happy Birthday.

Some hon. Members: Hear, hear!

Mr. Wood: When I speak of Prince Edward Island with its natural beauty and peacefulness, I could easily become lost in a rhapsody of nostalgia, but I cannot allow the contemplation of those cobblestones that were the foundation of the past to distract me from looking to the building of the future.

The constituency of Malpeque includes an area that might be considered the west central portion of our province, with the Gulf of St. Lawrence to our north and the Northumberland Strait to our south lapping against our coastlines, with tranquility or with vicious violence. Yes, it is very picturesque and it offers a haven for the summer tourist. In these waters that I mention, lobsters crawl, our famous Malpeque oysters hold fast, and the giant blue-fin tuna join us like the other summer visitors from July to October.

• (1730)

Back on land the crops flourish, because about 90 per cent of my constituency falls into class 2 of the Canada Land Inventory. This is good land. In my constituency of Malpeque over two thirds of the total island potato production is grown, and our farmers are proud that they are able to produce a quality potato that is sought after for seed by many countries throughout the world.

Knit together with the farmers and fishermen are the processing and manufacturing industries and the small business operators that entwine to make up my rural constituency. To keep these operations moving and productive, we have our labour force—a rather unique labour force because this group of workers must depend upon industries that are very seasonal. We cannot survive without our labour force, and yet one needs little imagination to recognize the real problem of a man with a family whose talents are inexpendable for six months of the year and unnecessary for the other six.

We are proud of our products which possess such high quality, but this quality has been the result not only of individual but also of collective effort on the part of people. We have many well-to-do farmers and fishermen and small businessmen, all of whom are free enterprisers in our society. But we have others who are not so well-to-do—they must struggle. This is natural and normal because no democratic country can survive on a one-class system.

I am sure, Mr. Speaker, that we have evolved beyond the theory of survival of the fittest to the theory which I feel best fits our present society, and that is survival of the efficient. People who live from the land and the sea cannot consider work as another four letter word. The word work, for the

efficient, still has four letters, but for the efficient those letters are capitalized.

The general attitude toward work has changed as we have moved from a rural society to an urban society. Throughout the past 200 years man has discovered continents, has moved swiftly ahead scientifically, has entered the atomic age and has landed on the moon, and yet no man has discovered anything that can offer any individual more personal satisfaction than the weariness achieved after an honest day's work. The change in attitude from the time when work was a source of pride and joy to the present time when it is too often thought about negatively, occurs in every country as it industrializes.

Rural living and its internal economy, where each and every family had to grow and harvest its daily bread, brought real human dignity. The trend from rural living to urbanization and an external economy has meant that people can no longer associate themselves fully with the finished commodity. It cannot be different because, for instance, how can anyone on an assembly line gain a real sense of accomplishment when each job is such a small part of the finished product?

I concur wholeheartedly with the Speech from the Throne, Mr. Speaker, and yet I feel very strongly that we, as the Government of Canada, have a two-fold challenge when we think and talk about unemployment. Our attitude cannot be that work is a burden to be endured or avoided, but rather is a source of pride. It is our duty not only to stimulate the economy by providing more jobs, but we must also seek the means to create a greater desire in the populace to be employed.

I have mentioned our people and their general attitude toward work, but living in a constituency such as Malpeque where family livelihood depends upon the will of nature means we must approach our daily life in a very positive way. The wind, the rain, and the cold can play havoc in very short order. If we are unable to adjust to prosperity or the lack of it year after year, we are in real trouble. In Malpeque we have grown with the built-in knowledge that it is not the high cost of living that creates hardships, but rather the cost of living high. Perhaps my constituents can offer this little gem of wisdom to all other Canadians.

Our closeness to the land and the sea have left their mark on the heritage of all islanders. And so too have the small communities that bind us together. In my constituency, Mr. Speaker, the largest town has a population of just 1,200 people. Yet it is, nonetheless, a town. Neighbours learn the traits and habits of neighbours. We learn to co-operate and work together, and all of rural Canada has been built in this way. Mr. Speaker, I know what neighbours mean. I am in Ottawa while my wife and family remain in Norboro, a rural community, and yet I live in Ottawa confidently—not that I lack concern for my family, but rather because I have the firm confidence that should the most minor need occur, my neighbours will heed any call for assistance.

Some hon. Members: Hear, hear!

Mr. Wood: In 1975, in his Mansion House speech in London, England, the Prime Minister of Canada expressed it so well:

> The key, as in all accomplishments of worth, lies within the scope of individual men and women. It is found in their attitudes toward others.

More recently the Prime Minister has asked Canadians to re-examine their attitudes. I agree wholeheartedly. We, as Canadians, must learn to cope with less energy, less capital and, indeed, with less.

Some hon. Members: Hear, hear!

Mr. Wood: It is in this spirit that I want to talk of Canada, and tell Canadians from all parts of this country of how Canada has helped maintain the best of our past, while pursuing the best for our future. In Prince Edward Island the Comprehensive Development Plan, a co-operative effort between the Department of Regional Economic Expansion and the government of my province, has pursued the spirit of co-operation in a model program to be studied by the other provinces of Canada.

The Government of Canada has helped the people in Canada's littlest province to renew their faith in themselves by assisting farm families building industrial malls to promote small manufacturing and processing industries, and providing marketing support for basic producers. What Canada has meant to us is not just the opportunity to develop as we want to develop, but the encouragement and the help to do so.

Under the long term Prince Edward Island Plan, Mr. Speaker, the federal government pays 90 per cent of the cost, not for projects designed in Ottawa, but for projects designed by islanders and for islanders, with a sense of our heritage and our values. Mr. Speaker, I believe that the premier of our island province has, by initiating the Island Development Plan, allowed Prince Edward Island to confirm that being "little" can well mean being "big". In saying this I would like to note as well that this is not a one-way street. In helping us to make these things happen, and I am sure similar things are happening in other provinces, Canada is truly investing in its own future.

The inventiveness of islanders as they pursue small but satisfying development, is of value to this nation. I would like to challenge any province of Canada to lay claim that it has outdone my little province in the field of resource experimentation, and the recent development of alternative sources of energy from the sun and wind.

Some hon. Members: Hear, hear!

Mr. Wood: Federal-provincial relations are the key. If any province in Canada lacks the foresight to obtain a key to unlock the door of development of its resources, no matter in what aspect of the economy, it is not the federal government that is to blame, for in Prince Edward Island we are keenly aware of the avenues available to us once that door has been unlocked. This is not to say that we have all the answers, for indeed we do not. It is to say, however, that I am proud of my

constituents, my premier, and all Prince Edward Islanders and the contributions they are making to this nation, Canada.

● (1740)

Some hon. Members: Hear, hear!

Mr. Wood: It is in this context that I, as a Canadian, take pleasure in seconding the motion of my colleague, the hon. member for Louis Hébert (Mr. Dawson), and in expressing to Her Majesty our appreciation for having added her gracious and admirable presence as we begin a new session of parliament to address the future of our nation.

Some hon. Members: Hear, hear!

On motion of Mr. Clark the debate was adjourned.

On motion of Mr. Trudeau the House adjourned at 5.46 p.m.

HOUSE OF COMMONS

Wednesday, October 19, 1977

The House met at 2 p.m.

• (1407)

[*English*]

THE LATE MARY STANFIELD

TRIBUTES TO LATE WIFE OF MEMBER FOR HALIFAX

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, all of us appreciate the fine words you spoke yesterday on behalf of all members of this House in expressing the deep regret of members of this Chamber at the death yesterday of the wife of the hon. member for Halifax (Mr. Stanfield).

All of us who knew Mrs. Stanfield are saddened by her passing, but are sustained by the memory of a vibrant, natural, sensitive woman. Politics is sometimes a stuffy business, and Mary Stanfield would let none of us get away with that. To Canadians across the country she brought a gift of warmth and wit—

[*Translation*]

—in both official languages. Indeed, it is an expression of her character that she learned the French language here and that she spoke it with verve and pleasure.

[*English*]

Those of us who were privileged to be her friends knew a charity and a concern for others that went well beyond the call of her responsibilities. She was fresh air in our lives, our party and our country. We extend to the family our condolences at her passing and our gratitude for sharing her with us.

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, on behalf of the members of our party, I should like to express our very deep sympathy to the hon. member for Halifax (Mr. Stanfield) at the loss of his wife, Mary. To all of us who had the privilege of knowing her, she shall be remembered as a very happy lady who was always eager to share warmth and friendship with all members and their families, regardless of which party they represented. We extend our sincere condolences to my hon. friend and his family, particularly those who were close to her.

[*Translation*]

And I would like to take the opportunity to say to the House how Mrs. Stanfield was admired when she was visiting French communities in Canada. She was a great lady, very charming and gay. She had really understood, as it is more and more accepted among all Canadians, that it is possible to be a genuine Canadian and, at the same time, have access to both official languages of our country. To Mr. Stanfield and his family, I present my deepest sympathy on behalf of all members of the House.

[*English*]

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, on behalf of the members of my party, I should like to join with the Minister of Finance (Mr. Chrétien) and the Leader of the Official Opposition (Mr. Clark) to express our deep grievance at the passing of this frank and engaging woman, a woman who brought joy to all who knew her. We extend to the hon. member for Halifax (Mr. Stanfield) our deepest sympathies at this time, and we express our hope that the grief which will come from this sad passing will soon be overcome in his life.

Some hon. Members: Hear, hear!

• (1410)

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, on behalf of my colleagues, I wish to join the representatives of the three other parties in offering our most sincere condolences to the hon. member for Halifax (Mr. Stanfield), his wife having passed away. I must point out that last year, when my own father passed away, the Stanfield family and members of my family met repeatedly, which means that we share all the more the pain of those difficult moments. Mrs. Stanfield was acknowledged as a great Canadian lady, and the fact that she could speak French was always greatly appreciated by our group of members of parliament who come mainly from Quebec. Once again, our deepest condolences to the hon. member for Halifax.

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

SUGGESTION CANADA BRING QUESTION OF AIR PIRACY BEFORE UNITED NATIONS—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I rise under the provisions of Standing Order 43. I make this motion in the belief that the seriousness and the gravity of the threat posed by international terrorists to the lives and safety of innocent persons will persuade members of this House to give it unanimous consent. Therefore, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

Agriculture

That this House commends the West German government for the courageous handling of this week's highjacking and expresses its deepest condolences to the family of the murdered pilot. Further, that this House calls for a positive response to the appeal by the International Federation of Airlines Pilots Association for renewed international efforts to eliminate air piracy and requests that the Canadian government take an immediate initiative to bring this matter before the United Nations.

Some hon. Members: Hear, hear!

Mr. Speaker: The provisions of Standing Order 43 require that, to set aside the business of the day for the introduction and discussion of this motion, there must be unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ALLEGED INVITATION TO PREMIER LÉVESQUE TO ADDRESS FRENCH ASSEMBLY—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the report that an invitation has been sent to the premier of the province of Quebec to address the French National Assembly, an act which would constitute a provocative incursion by France into Canadian domestic affairs, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the government to investigate this report immediately and if confirmed, to formally protest this action with the government of France and request its withdrawal.

Mr. Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Hnatyshyn: Jack Horner said "no".

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR FINANCIAL AID FOR QUEBEC FLUID MILK PRODUCERS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

In view of the dispute between the Canadian Dairy Commission and the Quebec Federation of Fluid Milk Producers which has delayed the payment of funds to fluid milk producers; considering that those milk producers are experiencing serious financial problems, those conditions giving rise to problems in the milling trade burdened with the credit; since the withholding of funds means that the producers have become hostages pending the settlement of the constitutional dispute, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House recommend that the Minister of Agriculture (Mr. Whelan) authorize the dispatch of funds to producers pending the judgment delivered by the courts on that constitutional issue.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

Mr. Speaker: I have taken a few moments to permit, at the usual time, the presentation of motions pursuant to Standing Order 43, but in the days that lie ahead of us I think hon. members will want to reflect on the fact that these days are to be devoted to the debate on the Speech from the Throne which traditionally, and clearly within our precedents and practices, means that, within reason, any subject is open for discussion. It is therefore difficult, within the language of Standing Order 43, to seriously consider an application to set aside that kind of debate to debate something else because there is no restriction on the subject that any hon. member can raise in participating in the throne speech debate. Therefore, in future days perhaps hon. members might want to be guided by that understanding in making applications to transfer one subject for another in the remaining days on the throne speech debate.

ORAL QUESTION PERIOD

[*English*]

FINANCE

IMPACT ON INFLATION OF DEVALUATION OF DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Would he indicate to the House the inflationary impact of the devaluation of our dollar to date?

● (1416)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is quite impossible to give an exact description of the inflationary impact of the devaluation of our dollar. Of course, it is one factor of the problem, but it is impossible to say exactly to what extent the devaluation of the Canadian dollar will influence inflation.

[*English*]

Mr. Stevens: Mr. Speaker, my supplementary question is also addressed to the Minister of Finance. Could he indicate if he agrees with his own official, Dr. Hood, who has indicated before a committee of this House that he estimates that every reduction of one cent in our dollar would result in inflation of .3 per cent over a two year period, which would mean that as a result of the 13 cent reduction we already have in the Canadian dollar there is approximately a 4 per cent inflation factor built into our economy for the next two years?

[*Translation*]

Mr. Chrétien: Mr. Speaker, of course Dr. Hood expressed his own views, but he also invited hon. members to be cautious. As to his interpretation, he said that all other factors being equal, which is not the case, the effect would be felt over a period of two to three years and not necessarily during the first year. As I said, Mr. Speaker, it is absolutely impossible to determine exactly the inflationary effect of the devaluation of the Canadian dollar. However, I must admit that it is an inflationary factor.

[*English*]

ALLEGED USE OF RESERVES OF UNITED STATES DOLLARS TO STABILIZE CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): My question is again for the Minister of Finance. As the minister told us on Monday, "the governor of the bank is not intervening with regard to the floating of the Canadian dollar", and as the Bank of Canada published figures show that our U.S. foreign exchange reserves have fallen 27 per cent so far this year, would the minister indicate where the funds have disappeared if they have not been used in exchange trades?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think that the hon. member has not made the proper distinction. Intervention would mean that the governor would have received instructions to peg the Canadian dollar, and there has been no such thing. Everyone knows that the governor of the bank is involved with the market in order to make sure that the operation of the market is carried out normally. Everyone knows that he is, but he is not intervening in order to stabilize the dollar.

REASON FOR MISCALCULATION OF REAL GROWTH IN THE ECONOMY

Mr. James Gillies (Don Valley): Mr. Speaker, my question is also to the Minister of Finance. Given the fact that only six months ago the government predicted that the real growth of the economy would be 4 per cent and that it is only going to be 2 per cent, why was there such a gross error in the calculations?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think everyone knows that the economies of all nations are faced with the same problem. When I was in Washington international organizations like the IMF and the OECD predicted that the growth in the world would be 5 per cent. They have reported to all the ministers that the growth was to be only 2 per cent, exactly the same proportions we are facing in Canada.

ALLEGATION FALSE INFORMATION ON REAL GROWTH IN ECONOMY PROVIDED PROVINCES—GOVERNMENT ACTION

Mr. James Gillies (Don Valley): Mr. Speaker, if the Minister of Finance would take time to check private forecasts, he might find that the degree of error there was much less than that of his own department. This is not an academic question because the provinces have made their budget calculations on the basis of the forecasts made by his department. These forecasts have been very wrong. What is the minister going to do for the provinces which are in difficulty now because they budgeted on the basis of false information provided by the federal government?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, every level of government is affected by this problem. In fact, the federal government is affected more than the provinces because of the stabilization programs for revenue. The slow growth of the Canadian economy will cost the Canadian federal taxpayer $400 million more which we will have to accommodate within our budget.

Mr. Gillies: Mr. Speaker, I think the minister misses the purport of the question.

An hon. Member: What is that noise?

An hon. Member: Hold it, Jim.

Mr. Speaker: I think we should wait until we get the technical difficulties corrected.

An hon. Member: Your horn is stuck, Chrétien.

POSSIBILITY OF ACTION TO IMPROVE ECONOMIC FORECASTING

Mr. James Gillies (Don Valley): The problem I am trying to isolate and the problem with which I want the minister to deal is not the fact that the economy has slowed down, although that is the responsibility of the government. Much more importantly, a serious problem has plagued this government for a long time in policy making, and that problem is caused by gross errors made in his department. Since the minister has become the Minister of Finance has he taken any measures to try to improve the technical operations within his department with relation to forecasting and prognostications about the way this economy is operating?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is rather complicated to make predictions on the economic level, and if you look at the predictions made by economists, you will see that they seldom agree unanimously. In any case,

to give a specific answer to the hon. member's question, I asked my officials to meet immediately with their provincial counterparts to have the same basis for discussion. A technical meeting on this subject is scheduled for next week.

* * *

[*English*]

MANPOWER

UNEMPLOYMENT—POSSIBILITY OF NEW FORECAST

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Employment and Immigration. It too deals with forecasts. The report which was produced by his department and which I released two days ago included a forecast for unemployment levels for this year and next year of 7.3 per cent and 7.6 per cent respectively. Since the actual rate of unemployment for the present year is now averaging 8 per cent, well above what was forecast just last spring, will the minister inform the House if the same group of people in his department have done a new forecast or, if not this group, someone with a little more foresight? Has such a forecast been done and, if so, will the minister tell us the results?

● (1422)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it is appropriate that officials in the department should have a continuing watch on the unemployment level. If the hon. member will check his figures, I think he will see that the actual figure is about 7.5 per cent, but the figures that are quoted here are 7.4 and 7.6. The 8.3 and 8.2 he is referring to are on a seasonally adjusted basis. The other aspect I would bring to the hon. member's attention is that he was quoted wildly or widely in the press—

Mr. Broadbent: Both.

Mr. Cullen: Maybe both, to the effect that the unemployment rate would increase at a rate of about 2 per cent per year. In fact, that report made reference to an increase in the labour force. I do not know whether the hon. member was mistaken or the press has again made an error in reporting what he actually said.

Mr. Broadbent: Mr. Speaker, the minister must know it could not have been possible that I was mistaken in the statement. I say that with all due modesty.

Some hon. Members: Oh, oh!

Mr. Broadbent: I now ask the minister if he will answer the question. The question is whether a new study has been done. Whether the report of the study is accurate or not, what is accurate is that the forecasts made in the study have turned out to be false. Unemployment rates are now higher than the forecasts. Has a new forecast been done? If so, will he tell us what it is? Related to that, since the study stated it will cost some $4 billion next year in unemployment insurance payouts, will the minister advise what the new figure will be? It will surely be higher.

Mr. Cullen: Mr. Speaker, I guess we can argue all day about figures of the kind the hon. member mentions, and whether he was quoted correctly or incorrectly in the press. In fact, as a result of seeing the worsening situation, this government saw fit to move from $358 million to $458 million for direct job creation programs. My own department has something like $1,200 million in that particular field which strikes me as a pretty adequate response from one federal department to cope with the problem we have.

SUGGESTED USE OF UNEMPLOYMENT INSURANCE FUNDS FOR JOB-CREATION PROGRAM

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, that is two questions in a row the minister has refused to answer. I now want to ask him a third question. Since the actual level of unemployment in Canada is just beyond 1.3 million and since unemployment in the province of Newfoundland has reached the depression level of 1932, will the minister not agree it makes a lot more sense to spend the $4 billion that has been estimated for unemployment insurance on job creation?

Hon. Bud Cullen (Minister of Employment and Immigration): Yes, Mr. Speaker, if we had received the support of the hon. member's party and solid support for the development use of the unemployment insurance fund, it would have been a positive response and an appropriate use of the money that could be made available for that specific problem. The hon. member says his questions were not answered. Sometimes when you go on a fishing expedition, you do not catch anything.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR FINANCIAL AID FOR QUEBEC FLUID MILK PRODUCERS—GOVERNMENT ACTION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the hon. Minister of Agriculture. Considering the present dispute between the Quebec Federation of Fluid Milk Producers and the Canadian Dairy Commission and given the fact that funds have been withheld on both sides since the month of May, could the minister tell the House whether there are new developments and whether negotiations between both organizations are maintained in order to reach an agreement and give justice to the producers who necessarily need their money to manage their business?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, there has been discussion between the Canadian Dairy Com-

mission and the producers concerned. We have had discussions with the farm organization in the province of Quebec. I want to make it clear that the holdback is equivalent to the skim-off to which we feel they are entitled to contribute. We feel they have benefitted from the subsidy and it is not on the total product they are shipping—it is equivalent to the surplus they ship which goes to the industrial market.

● (1427)

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I want to ask a supplementary. I understand very well the answer the minister just gave the House, but as everyone seems to stand firm on his positions, could the minister tell the House what steps would be taken as soon as possible to come to a settlement, for fluid milk producers in Quebec see that as a matter of jurisdiction, and thus a constitutional matter. So, given the circumstances, may I ask if the minister could tell the House whether he intends to carry on as quickly as possible with the negotiations or whether legal measures will be taken to settle the problem?

[*English*]

Mr. Whelan: Well, at the July meeting of provincial ministers of agriculture held in Victoria, B.C., I, as Minister of Agriculture of Canada, stated on behalf of the federal government that they could make their contributions in any way they wished—we did not say they had to make a levy on whole milk producers; we wanted the equivalent of $12.5 million from all across Canada. We thought this was a reasonable amount to ask them to contribute toward the cost of distributing surplus industrial milk products on world markets. Some provinces have already made agreements—I believe five of them have done so.

[*Translation*]

FLUID MILK—REQUEST FOR PAYMENT OF FULL SUBSIDY

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a question for the Minister of Agriculture. I think that the government has a legal obligation to pay these subsidies to the milk producers, but I also understand, Mr. Speaker, the difficulties encountered by the Minister of Agriculture regarding the refusal of fluid milk producers to pay back the 25 cents. I will therefore ask the Minister of Agriculture whether he is prepared to enforce this piece of legislation which was passed by his own government and to pay these subsidies to milk producers. The present position of the government is a form of blackmail—if you do not pay back the 25 cents you do not get subsidies. Everybody knows that the milk producers would not be able to win against the government. I simply ask the minister whether he is prepared to enforce a legislation passed by his own Parliament?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Well, Mr. Speaker, the hon. member's interpretation of the law is different from mine. I suggest he read it again: the law clearly says the government may pay a subsidy—it does not say the government shall pay a subsidy. Some of the provinces have already amended their provincial legislation to comply with the request we made, because they thought it was fair and equitable.

* * *

INDUSTRY

ALLEGED MOVEMENT OF INVESTMENT MONEY TO UNITED STATES—GOVERNMENT ACTION

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In the past 12 months over $627 billion of Canadian money has been invested in the United States and businesses are openly moving to the United States because of the poor political climate here in Canada. What measures has the hon. gentleman been taking to stop this mass exodus of investment money and the movement of business to the United States which will only add to our unemployment problem here?

Hon. J. H. Horner (Minister of Industry, Trade and Commerce): I should like to thank the hon. member for the question. We enjoy in Canada complete freedom of investment and a free country. I should like to tell the hon. member that in 1975 the Americans invested something like $5.1 billion in Canada, that in 1976 they invested something like $5.6 billion in Canada and that in the year 1977 the Americans will be investing more than $6 billion here. So, we have to accept the fact that some Canadians may want to invest some money in that country.

● (1432)

Mr. McKenzie: A supplementary question, Mr. Speaker. I would certainly challenge the minister's figures. For the first time in 40 years more money is leaving Canada than is coming in. Since the United States is opening up offices in Canada and holding symposiums in Canada in order to assist Canadian businesses to move because of the political climate here, is the minister saying that he is going to take no action at all in dealing with this serious problem?

Mr. Horner: I would be the first to admit, Mr. Speaker, that we have a very difficult political climate in Canada.

Some hon. Members: Hear, hear!

Mr. Horner: I am overwhelmed that the Conservative party has finally realized that, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Horner: The root of the political problems in Canada today stems from the fact that a portion of our country, with something like 27 or 28 per cent of the population, expresses a desire to separate. That is creating a somewhat uncertain economic climate in our country and I am glad that the official opposition realizes it.

Oral Questions

GOVERNMENT ADMINISTRATION

USE OF GOVERNMENT AIRCRAFT BY MINISTERS—GOVERNMENT ACTION

Mr. Tom Cossitt (Leeds): Mr. Speaker, in the absence of the Prime Minister and the Deputy Prime Minister I should like to direct my question to the Acting Prime Minister, whom I presume is the Minister of Finance. My question refers to order paper questions answered Monday which revealed that cabinet ministers have used government aircraft 5,000 times in the last several years at public expense to travel to many places, including to a large extent to their constituencies. For example, the Minister of Agriculture has travelled 188 times to Windsor and back. Will the Acting Prime Minister advise the House whether the government will issue immediately an order to stop this practice which is costing millions of dollars; if it will not issue such an order, why not?

● (1436)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there are well known regulations to that effect, and ministers abide by them at all times. The aircraft are at the ministers' disposal in the performance of their ministerial duties, which may sometimes involve a flight back or to their constituencies. I think the procedure is well known. The regulations very much work to Canada's best interests.

[*English*]

Mr. Cossitt: Mr. Speaker, my supplementary question to the Acting Prime Minister refers to the fact that during the past few weeks the Prime Minister has been saying a great deal about restraint on the part of the Canadian people. Let me ask him this. Will the government immediately stop such flights as the one made by the Minister of Agriculture from his Windsor constituency to the resort area of Myrtle Beach in the Carolinas; and finally, is it government policy that there should be one code of restraint for cabinet ministers and another code of restraint for the Canadian people?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am not aware of that nor other flights. I know the procedure is well known. Ministers use the aircraft when needed in the performance of their duties. Of course they have been invited a number of times, both by myself when President of Treasury Board and by my successor, to show restraint in the use of aircraft.

* * *

[*English*]

PUBLIC SERVICE

DATE OF APPOINTMENT OF REVIEW COMMITTEE

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question which would normally be directed to the President of the Privy Council and which in his absence I will direct to the Acting Prime Minister. Further to the statement of the President of the Privy council to this House on February 4 last, can the Acting Prime Minister state whether or not a chairman of the special committee to review the Public Service Employment Act has been appointed and, if so, whether or not this special committee intends to hold public hearings. If it does so intend, when?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I am not in a position to reply to the hon. member but I will pass his question to the President of the Privy Council. If he is not here tomorrow I will be delighted to give him an answer.

* * *

FEDERAL COURT ACT

ALLEGED USE TO DENY INFORMATION—REQUEST FOR COMMITTEE OF INQUIRY

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Solicitor General. Having in mind the emphasis placed in the Speech from the Throne on human rights and open government—somewhat belated but nevertheless appetizing—is the hon. gentleman prepared to submit to a committee of this House the right to inquire into the extent to which the government has made undue use and probably abuse of its powers under the Federal Court Act to deny information to people, particularly to public inquiries, a use which has often resulted, as in the case of Mr. Walter Rudnicki, in the denial of public and civil rights?

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, it goes without saying that when a minister on this side signs an affidavit under section 41(2) of the Federal Court Act, whether myself or any other minister, he is acting under a statute and authority granted by this Parliament. I would add that there is not only the power but a duty to do so in these circumstances.

[*English*]

Mr. Baldwin: A supplementary question, Mr. Speaker. Hon. members on this side of the House are well aware of the law; what we doubt is the use the government is making of that law.

Some hon. Members: Hear, hear!

Mr. Baldwin: Is the minister, with that usual good humour which he has as an able minister, prepared at least, if he is not going to submit the matter to a committee, to make a statement to this House within a very short time telling us exactly what the government has been doing, for example, in the Laycraft inquiry into crime in the province of Quebec, issues which concern us on this side of the House very much indeed?

Mr. Fox: Mr. Speaker, in connection with the Laycraft inquiry there was, of course, an affidavit submitted by myself which has absolutely nothing to do with the subject matter of the inquiry, and I answered questions specifically on that

matter before the House. There was also an affidavit, I understand, filed by the then Minister of National Revenue, with questions also asked in the House. As far as the FLQ matter is concerned, I have, of course, filed affidavits under section 41(2), which I consider not only to be a power but really a duty on my part as custodian, in part, of files relating to national security of this country. This is a duty which has been imposed on me or given to me by parliament and I intend to exercise that duty.

DISCUSSIONS WITH PROVINCIAL ATTORNEYS GENERAL ON USE OF SECTION 41(2)—REQUEST FOR REPORT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a supplementary question on the same topic for the Minister of Justice with whom I discussed this matter last March. At that time he indicated that he had had discussions 15 months before that with the provincial attorneys general about the use of section 41(2) of the Federal Court Act. Could the hon. gentleman bring the House and the country up to date on whether he has got anything new to report about the excessive use of this regressive section?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, my answers earlier indicated that what I had discussed with the provincial attorneys general was revisions of the Federal Court Act, not specifically the particular sections to which the hon. member is referring. Work is still proceeding on revision of the Federal Court Act, including section 28; when legislation might be introduced to this House I am unable to say.

Mr. MacKay: A final supplementary question, Mr. Speaker. In view of the scathing comments that Chief Justice Deschenes of the Quebec Civil Court had to make about section 41(2), and in view of the fact that the minister has conceded that it is indeed part of the Federal Court Act, I would expect a more specific answer.

* * *

ROYAL CANADIAN MOUNTED POLICE

ALLEGED BUGGING OF ALBERTA ATTORNEY GENERAL—REQUEST FOR REPORT

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is also for the Solicitor General and concerns the Laycraft inquiry. In September of this year the attorney general of the province of Alberta indicated that he believed he had been bugged by the RCMP. That allegation has been known to the Solicitor General since September. Can he now advise the House whether that allegation is correct? If it is correct, can he advise the House whether that bugging was authorized under the wiretap law passed by this parliament in 1974?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I understand there was indeed such an allegation. The commanding officer of the force in Alberta met with the attorney general of that province and I understand the attorney general of that province was entirely satisfied with the result of that meeting. There were no bugs involved and there was no surveillance by the RCMP of the attorney general of Alberta.

AGREEMENT BETWEEN FORCE AND NATIONAL REVENUE—FAILURE TO NOTIFY ALBERTA ATTORNEY GENERAL

Mr. Stuart Leggatt (New Westminster): A supplementary question, Mr. Speaker. In addition to the question of bugging, the attorney general of Alberta insisted that he was never advised of an agreement between the Department of National Revenue and the RCMP concerning the exchange of information between them with regard to the investigation of crime in the province of Alberta. Can the Solicitor General advise why the chief law enforcement officer of the province of Alberta was not advised of secret agreements between DNR and the RCMP on matters that concern his province?

Hon. Francis Fox (Solicitor General): Mr. Speaker, there was, of course, an agreement which was entered into in 1972 between the Department of National Revenue and the Royal Canadian Mounted Police. The object of that agreement was to increase the fight or to enhance the possibility of having greater success in the fight against organized crime in this country, an approach which had a great deal of success in the United States and we feel is most appropriate in this country also. Of course, the success of this agreement depended a great deal on the agreement not becoming generally known to the members of organized crime in this country. Once again, Mr. Speaker, the purpose of that agreement was to enhance the possibility of having greater success in the fight against organized crime in this country.

• (1442)

Mr. Leggatt: The Royal American shows have never been described as a part of organized crime at any time, at the time that that inquiry took place. Yet, that secret agreement was used to conduct an exchange of information. It is entirely possible that that exchange of information was illegal under the laws of Canada. My question is this: how does the Solicitor General justify the use of that secret agreement against an organization in which no one, as far as the Laycraft Commission has been able to determine, formed any part of organized crime?

Mr. Fox: Mr. Speaker, of course the hon. member is prejudging the results of the Laycraft inquiry. There is an inquiry ongoing in the province of Alberta at the moment on this matter. However, I should like to refer to one aspect of the case concerning the existence of that agreement between the Department of National Revenue and the Royal Canadian Mounted Police. While it was not a widely known agreement, it was known to all people involved in the enforcement of it, both in the Department of National Revenue and in the RCMP.

An hon. Member: How about the Attorney General?

Mr. Fox: The agreement was made public by this government during the course of that inquiry in response to a request by the inquiry. There was never any question of keeping the agreement completely secret.

REQUEST FOR TABLING OF COPY OF AGREEMENT BETWEEN FORCE AND NATIONAL REVENUE

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, since the agreement of 1972 between the RCMP and the Department of National Revenue has been disclosed in the Laycraft inquiry, and the minister has referred to it here, is he or the Minister of National Revenue prepared to table a copy of that agreement for the purposes of the House?

Hon. Francis Fox (Solicitor General): Mr. Speaker, perhaps the hon. member has not received a copy of the joint press release which has been sent out by both the Minister of National Revenue and myself. We have issued a public statement to which we have annexed the complete text of that memorandum of understanding between his department and mine. If it is the desire of the House, I am prepared to table copies of it in both official languages for the purposes of the House.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): And supporting documents.

* * *

THE CANADIAN ECONOMY

UNEMPLOYMENT IN THE ATLANTIC REGION—GOVERNMENT MEASURES TO ALLEVIATE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question could have been directed to the Minister of Regional and Economic Expansion had he been here; but I should like to direct my question to the Minister of Finance. Given the absence in the throne speech of any new or innovative measures to combat high unemployment in the Atlantic area particularly, can the minister indicate to the House, in order to understand the basis of his intervention later on in the throne speech debate, whether he essentially agrees with the Economic Council of Canada that there is in fact an underutilized economic resource there and that a stimulation would not overly generate inflationary pressures, or whether he agrees with his predecessor that any innovative intervention in this area by using fiscal matters might over-pressurize the inflationary tendencies? Which approach does he intend to use in directing himself and his government's intention toward unemployment in the Atlantic area?

● (1446)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I shall have an opportunity to speak on that problem tomorrow evening at eight o'clock when I shall address the House of Commons.

* * *

LABOUR RELATIONS

RADIO-MUTUEL CONFLICT—POSSIBILITY OF FEDERAL INTERVENTION

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, my question is directed to the Minister of Labour.

The Radio-Mutuel dispute has been going on for more than nine months in stations at Trois-Rivières, Sherbrooke, Quebec City and Montreal without a solution in sight, and management seems unwilling to negotiate. I wonder if the minister would inform the House whether his department intends to act in this dispute.

[*English*]

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I should advise the hon. member that we have already intervened in the matter. A mediator moved into the situation last Friday, and I hope he will be successful in resolving the dispute.

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ADMINISTRATION OF JUSTICE

POSSIBLE RETURN OF CROSS KIDNAPPERS—GOVERNMENT ACTION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is for the Minister of Justice. In light of the fact that in the Speech from the Throne there was some suggestion regarding amendments to be made to the Criminal Code, can the Minister of Justice inform the House and Canadian people if there is any suggestion of an application by the Premier of Quebec or anyone else concerning the voluntary exiles who were connected with the Cross kidnapping? If they wish to return to Canada will they go through the due process of law and be tried by courts as to their innocence or guilt?

Some hon. Members: Hear, hear!

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I am not aware that the apparent request made to the Premier of Quebec has been passed on to any federal authorities at this point. There are outstanding charges and warrants of arrest against the persons involved laid by the authorities in the province of Quebec. If the persons involved return to Canada, I would presume those warrants of arrest and charges would be proceeded with. Of course that would be a decision within the responsibilities of the province of Quebec. When the question was asked, it would appear to me that the indications from this House show that we would all want the province of Quebec to act on those warrants.

In so far as requests for pardons are concerned, there is no provision in federal law for the granting of pardons to people

who have not been convicted of a crime. Thus, there is no prospect of ever considering a pardon in this particular case.

Some hon. Members: Hear, hear!

Mr. Woolliams: Mr. Speaker, if there was an agreement in writing between those voluntary exiles when they left the country because of that crime of kidnapping a foreign representative, would the minister file in the House any agreement between those people and the federal government?

Mr. Basford: Mr. Speaker, I was not involved at the time of that kidnapping. Whether of not there were agreements made in writing, I am not aware of them. I do not believe there were, but I will inquire into it.

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FISHERIES

REASON FOR FAILURE TO MENTION FISHERIES POLICY IN THRONE SPEECH

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I should like to direct my question to the Minister of Fisheries and the Environment. In view of the need for an extensive fisheries development plan in Atlantic Canada, which plan would take into consideration the need for improving the inshore as well as the offshore fleet, especially as it applies to the harvesting of those species of fish which we are now giving away to foreigners within our 200-mile zone, will the minister indicate to the House why there was no mention of a fisheries policy for Canada in yesterday's throne speech?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, there are many issues which will arise in this parliament and the administrative acts of this government that were not mentioned in the Speech from the Throne. I hope the hon. member does not share the view of some of those who advocate that we give away at the back door or the side door the jurisdiction which we have painfully gained by the front door.

Some hon. Members: Hear, hear!

* * *

INDUSTRY

MINING—REQUEST FOR MEASURES TO IMPROVE ECONOMIC CONDITIONS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In view of the fact that policies of this government regarding the mining industry in Canada are creating ghost towns in Canada, and particularly in the Sudbury basin where 4,000 Falconbridge workers just returned to work after a six-week lay-off, where INCO is presently threatening extensive lay-offs and cutbacks and Falconbridge has announced the loss of 500 jobs by the end of December, 1977, is the minister aware of the severe situation in the mining industry, particularly the nickel and copper industries? Can he tell the House what specific steps he intends to take so that we do not end up with ghost towns in the Sudbury basin that not even a taxation data centre can save?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I appreciate this question and I should like to reveal to the hon. member and to the House the deep concern the government has with regard to the complete mineral industry. As he knows, as I know and as the House is probably aware, the entire world market for minerals today is one we would call very soft. We are exploring every avenue to ensure that jobs are maintained in Canada.

Mr. Rodriguez: Mr. Speaker, in view of the fact that stockpiling both uranium and gold was used in the past by this government to secure the employment of workers in those industries, is the minister prepared to consider such a program in the nickel and copper industries in order to secure the continued employment and productivity of these workers in the Sudbury basin?

Mr. Horner: Mr. Speaker, this whole suggestion is being examined.

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EXTERNAL AFFAIRS

GOVERNMENT VIEW OF MEASURES TO ENSURE RIGHTS OF PALESTINIANS

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the fact that the Speech from the Throne was empty of any reference to Canada's role in international affairs, does the minister support the formal declaration of the United States and the Soviet Union that a new Middle East peace conference should ensure the legitimate rights of the Palestinian people?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, we have been in constant discussion and consultation with the governments concerned on this whole question. As the hon. member knows, there is considerable argument about the specific meaning of words. I do not believe anything would be gained by me emphasizing particular words such as "legitimate" or "homeland". The Canadian position is precisely what it has been all along. We recognize that the Palestinian position must be taken into account in any settlement. We feel that settlement is best arrived at through discussion between all the parties, hopefully at Geneva, and if not there, elsewhere.

● (1452)

Mr. Wenman: In view of the minister's recognition of the importance of the Middle East as the central issue in the United Nations this year and his call for, "short, precise and

practical resolutions", is it the intention of the minister to take advantage of Canada's position on the security council to introduce new practical resolution initiatives in the Security Council of the United Nations.

Mr. Jamieson: Mr. Speaker, I think the operative words in the hon. member's question are the words with reference to the resolutions being practical. If it appears that some initiative in the Security Council, in addition to those presently underway in various other groups, would advance the situation, then of course Canada would be pleased to do so. It is my judgment at the moment that it is best left to the negotiating parties, for the time being at least, and that if there is to be action in the Security Council it is likely to come later in the present year.

* * *

● (1455)

[*Translation*]

INDUSTRY

INQUIRY WHETHER FOOTWEAR IMPORTS WILL DECREASE

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the hon. Minister of Industry, Trade and Commerce. But first of all, I wish to congratulate the minister on his appointment to the Department of Industry, Trade and Commerce.

Having said so, I want to bring again the attention of the House on the serious problems which our footwear industry is going through because of massive imports of shoes in this country. Would the minister tell us whether imports of footwear in Canada have decreased or will decrease in the coming days?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In answer to the hon. member's question let me say that the whole footwear industry has just gone through an exhaustive study and the department is sifting through that study. I can assure the hon. member we are watching the industry with a great deal of care.

[*Translation*]

Mr. Beaudoin: I have a supplementary, Mr. Speaker.

Last July the Minister of Industry, Trade and Commerce and the Minister of Finance introduced an interim report concerning the Anti-dumping Tribunal and footwear imports. Therefore, would the minister be prepared to let us know what progress is being made in these proceedings following the publication of a report by this Anti-dumping Tribunal and what he and his department intend to do to solve the matter once and for all, in order to avoid that too many lay-offs take place in the footwear industry, in the riding of Richmond and elsewhere?

[Mr. Wenman.]

[*English*]

Mr. Horner: Mr. Speaker, I would like to reassure the footwear industry in Canada through my answer to the hon. member's question that we intend to maintain it. We intend to make certain that it is capable of securing a large portion of the Canadian market and our efforts will be directed towards that goal.

Some hon. Members: Hear, hear!

TEXTILES—REQUEST FOR RETENTION OF IMPORT QUOTAS

Mr. J. R. Ellis (Hastings): My supplementary question is directed to the Minister of Finance. The Minister of Finance in his former position regulated quotas for the import of textiles. The present minister seems to be doing away with those, and since there is no mention of them in the throne speech, would the minister, either today or in his speech tomorrow night, confirm that those quotas will stay in place for the benefit of the many people who are employed in that industry, in my area at least?

Hon. Jean Chrétien (Minister of Finance): Everyone knows that I maintain very good relations with the Minister of Industry, Trade and Commerce and we are in complete accord on the policies which he will announce or has already announced.

An hon. Member: Which policy?

* * *

HEALTH

INSULIN—REQUEST FOR REPORT ON POSSIBLE PRODUCTION CUTS AND PRICE INCREASES

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare, but first I would like to preface it by offering her our best wishes for health and wealth and good advice in her new portfolio. Would the minister investigate and report to the House on the disturbing news to Canadian diabetics about cuts in insulin production and its increased price?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I wish to thank the doctor for his good wishes and those of my other colleagues in the House. As to the serious question on insulin, I will ask the hon. member to give me until tomorrow to present a report to the House.

* * *

FINANCE

MEASURES TO AID SMALL BUSINESS—GOVERNMENT ACTION

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, in the absence of the Minister responsible for Small Business, I would like to put my question to the Minister of

Finance. After years of government studies related to the problems of small business the government at long last has come up with a program which basically outlines the government's intention to continue to study the problems of small business. In yesterday's Throne Speech three full words were dedicated to the largest potential employment sector in Canada. I would like to ask the minister whether or not he can assure the small businessmen in Canada that some specific and realistic incentive oriented programs will be introduced forthwith by the government before it is too late for the small businessmen, such as some programs which have been detailed by members on this side of the House on several occasions in the past.

Hon. Jean Chrétien (Minister of Finance): If I have any announcement to make, it will be made at another time. However, I am glad to note that the hon. member is aware that we have been working very hard to assist small business and that it is bringing some good results.

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CRIMINAL CODE

REQUEST FOR AMENDMENT TO OBSCENITY AND PORNOGRAPHY PROVISIONS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I would like to address a question to the Minister of Justice. Because of concern for the present apparent weaknesses in the Canadian obscenity and pornography laws embodied in the Criminal Code, is the government planning to introduce remedial legislation in this session or, if not, will the government refer this matter to the Standing Committee on Justice and Legal Affairs so that it can study the difficult problems involved?

Hon. Ron Basford (Minister of Justice): I have been consulting with the provincial attorneys general on possible amendments to the wording in the code and some amendments are under consideration. I cannot undertake at present to say when we will be able to lay before parliament changes in the law. In the meantime, the provincial attorneys general and I have agreed that the best possible way to proceed would be by active law enforcement within the provinces against those distributing pornography and active surveillance by the Department of National Revenue at the border in terms of the customs operation with regard to the importation of pornography into Canada.

Mr. Dick: I thank the minister for his very informative reply and I would like to ask whether or not he would consider and inquire from the attorneys general of various provinces whether their correspondence could be tabled and referred to the standing committee so that the standing committee could also discuss this important matter and perhaps give some assistance to the Minister of Justice and to his department.

Mr. Basford: Yes, I will consider that, Mr. Speaker.

INDUSTRY

NEWSPRINT—REQUEST FOR FEDERAL AID

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the Minister of Industry, Trade and Commerce. In view of the fact that the Canadian share of the U.S. newsprint market has dropped from 80 per cent to approximately 60 per cent, what new initiatives does the minister have to strengthen the Canadian pulp and paper industry which generates about $1 out of every $8 in the export market?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, here again we recognize the fact that newsprint and pulp and paper are in a soft market in today's world and we are doing everything we can.

An hon. Member: What are you doing about it?

An hon. Member: According to you everything is soft.

An hon. Member: And so are you, Jack.

Mr. Horner: We are doing everything we can to assist the newsprint and the pulp and paper industry in Canada.

Mr. Epp: The minister keeps on using the words "we are doing everything we can". What do those words mean specifically?

Mr. Horner: First of all, in doing everything we can, we must recognize the situation in which we find ourselves, and that is more than the opposition does. We recognize that position. We realize that in many cases our industry does not achieve the productivity level necessary to allow it to compete with the United States.

An hon. Member: Why?

Mr. Horner: To some extent it is the wages. Hon. members in the NDP ask why not. It is to a great extent because our wages have been higher than those in American industry. By recognizing those problems we can find the answers.

* * *

● (1500)

PRIVILEGE

MR. WHELAN—QUESTION BY MR. COSSITT

Mr. Whelan: Mr. Speaker, I rise on a question of privilege regarding the question which the hon. member for Leeds asked the Minister of Finance. The hon. member referred to a trip I took to Myrtle Beach. I want to make it clear that I was invited there by the Southern Agriculture Chemical Association for a seminar, to explain the legislation we have in Canada which is the envy of the people of the United States of America.

Some hon. Members: Hear, hear!

Mr. Whelan: Whether intentionally or otherwise, the hon. member intimated that this was a pleasure trip. We were in Myrtle Beach less than 20 hours. No members of my family were included. There were staff people with me on that trip, and that was all. I say emphatically that as Minister of Agriculture, my duty is to serve this country in the best fashion I know. No one can prove that I used government aircraft to do anything other than serve this country.

Some hon. Members: Hear, hear!

Mr. Cossitt: Mr. Speaker, I feel that the minister has only scratched the surface and given a very distorted view. Therefore, I feel I have a right to make absolutely clear what I said and to ask that he not distort my words in this house. For example, the Minister of Agriculture also went to Miami on February 22 of this year.

Some hon. Members: Order.

Mr. Cossitt: I feel that the government is allowing cabinet ministers, particularly the Minister of Agriculture, the Minister of Transport, and others, to breach the privileges of members of parliament.

Some hon. Members: Sit down.

Mr. Speaker: Order, please. As it arises, the question of privilege relates only to comments which were made during the question period. I think the hon. member for Leeds ought to be given equal time, but he ought to confine himself strictly to that point.

Mr. Cossitt: Mr. Speaker, I can only conclude by raising a new question of privilege. If it does not pertain to the point raised by the minister, it certainly pertains to a subject which concerns the minister; that is, that this government is allowing cabinet ministers to breach the privileges of parliament by allowing them to take government aircraft and to fly wherever they wish, living it up big at the taxpayers' expense. No one on this side of the House has that right, and we do not want that right, but I would like to know why it is not a breach of the privileges of parliament when this government goes against what is obviously decent practice and allows its ministers to run all over the place, at public expense, on personal holidays. The minister has made 188 trips to Windsor riding and back, at public expense, to visit his constituents. I cannot do that and no one on this side can do it.

Some hon. Members: Order.

Mr. Speaker: Order, please. The Minister of Agriculture raised, by way of a question of privilege, whatever dispute he wanted to raise with respect to the insinuations or other effects of the remarks made during the question period by the hon. member for Leeds. The last remarks by the hon. member for Leeds are a repetition of something he said during the question period. It would not be appropriate, now, to carry on and raise that as a new argument, because that was said. If there was any difference or disagreement with it, that might have been raised at the first instance. In any case, the matter has been raised and contributed to by both sides. It does not, by any stretch of the imagination, constitute a question of privilege, and the matter ought to finish there.

MR. BROADBENT—ANSWER BY MINISTER OF INDUSTRY, TRADE AND COMMERCE

Mr. Broadbent: Mr. Speaker, I, too, rise on a question of privilege pertaining to an answer given in the House on Monday by the Minister of Industry, Trade and Commerce. In the course of a short answer he managed, in my view, to misinform the House very seriously in two important respects.

He was replying to a question by the hon. member for Windsor West concerning developments in the auto industry, which are of concern to Canadians everywhere because we have some 20,000 fewer jobs in the industry than we ought to have. The point and substance of the answer was that Canada was using about 8.9 per cent of the automotive parts actually produced on this continent. I would like to know where the minister got that figure. I interjected at the time and said that it was 12 per cent. The minister carried on with his answer and said, "No, 8.9 per cent".

Subsequently, I checked with the minister's department. An official in his department said he did not know where the minister got his figure, because the department does not have that information. I checked with the Canadian Automotive Parts Association, and it does not have that figure. The figure of 12 per cent which I used is the most recent one. It is for 1975. For a variety of reasons, it is inconceivable to me that the only other figure which might now be available to the minister for 1976 could be anywhere approaching what the minister suggests. As I said, his department suggests that it did not provide the figure. Therefore, I would like to know where the minister got his information, because it is a serious error.

Second, and perhaps even more important in terms of misleading the House, the minister said that, naturally, we in this country would like to see equality of consumption compared with production. He went on to say:

> We are having discussions with the major automotive manufacturers today to see whether that can be done.

I checked with General Motors, Chrysler and Ford. All those companies denied that they had any meeting with the minister or planned to have a meeting that day. I checked with another major automotive association to see if it could have been involved in such a meeting and it, too, denied that it was. It seems very strange indeed, because most of the officials in this industry were at a convention on the west coast. I would like to ask the minister either to correct the record, because I think he has seriously misinformed the House, and/or to offer an apology to hon. members of the House.

Mr. Horner: Mr. Speaker, there is an old saying about people who use figures and about what figures really mean. I am not going to dispute whether the figure is 8.9 per cent or 12 per cent. The information I have is that we in Canada use 8.9 per cent of the parts manufactured in North America—

Mr. Broadbent: Source?

Mr. Horner: —and not 12 per cent. I stand by the 8.9 per cent figure I gave the hon. member on Monday. I would like to take this opportunity to point out that I did not read the blues. *Hansard* indicates that we were meeting with the automotive manufacturers "today". I meant to say that we will be meeting with them throughout this month and next month. The word "today" was misused either by me or by *Hansard*, and that is the only mistake in Monday's *Hansard* which I will accept.

Mr. Speaker: The hon. member for Oshawa-Whitby gave the Chair notice of his intention to raise this question of privilege. The minister followed the contribution made by the hon. member. The matter reduces itself to a dispute as to the accuracy of facts. It is now well on the record. That, clearly, is a matter for debate and dispute, it does not constitute a question of privilege.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I want to raise a brief point of order with respect to the observation you made at the beginning of the proceedings today regarding motions under Standing Order 43. Your Honour suggested—I take it it was a suggestion only, and I hope it was not a ruling—that hon. members might consider limiting themselves with respect to the subject matter of motions under Standing Order 43, on the ground that they could raise matters during the course of the throne speech debate. The fact is that some hon. members will be able to raise matters at that time, but not all members because of the limitation of time.

The other significant difference—and I say this with deference—is the difference between what is a motion under Standing Order 43 and what is a speech and what matters can be raised. A motion under Standing Order 43, under the terms of our rules, is a motion moved on an urgent basis, and whether or not there is an opportunity for anyone to speak about it, its purpose is to raise a matter which is considered urgent. The Chair can always rule it out of order as not being urgent. However, that is something the Chair has to do. It is only a motion. It is an opportunity for a member of this House to ask the House whether it can come to a conclusion. The difference between such a motion and a speech in the throne speech debate is that there are very few opportunities for motions during the throne speech debate. If we were to conduct the business with respect to Standing Order 43 in the way in which your Honour suggested, the right of members to make motions, as opposed to speeches, would be prohibited.

● (1512)

When a member moves a motion under Standing Order 43, the member is not asking for an opportunity to debate it. What the member is asking the House for, and hopes for, is that there will be a vote then and there on his opportunity, as a private member, to present a motion.

I listened to what Your Honour said. I did not think it was a ruling. However, I wanted to make these observations because I believe that if Your Honour's suggestion is followed, the right of members to make motions, as the rule states, on matters of urgent and pressing necessity, will be limited. Therefore, the rights of members of this House would be limited.

As House leader of the official opposition, I think it is important to bring this matter to Your Honour's attention. It affects not only opposition members but all members of this House who are not members of the government. It is an important right, a right that by tradition has become narrowed. But narrow as it is, it is still there. It ought not to be further limited, and there ought to be no implication about limitation. I say that with great respect.

Mr. Speaker: The hon. member for Grenville-Carleton raises, by way of a point of order, a request for clarification of what I said earlier in the day. In the course of doing so he has made a misinterpretation of the effect of Standing Order 43, which ought to be cleared up.

What Standing Order 43 does is give private members the opportunity to ask the House to set aside the business of the day in order to debate something else. The motion is debatable. Accordingly, whenever consent is asked pursuant to Standing Order 43, consent is not simply being asked—this ought to be understood—that a motion be taken into consideration and voted upon at that moment; consent is being asked that the business of the House be set aside in order to launch upon debate on another matter.

I have said that in respect of days when the Speech from the Throne is under consideration, and similarly on budget days and opposition days, there seems to be a knee-jerk reaction, when we arrive at the hour appointed for Standing 43 motions, to suggest that the matter before the House, which permits the widest possible debate and discussion, be set aside in order to debate something else.

I want to strees this. It is quite proper for any member, during any day of House business, during the appointed time to introduce any motion pursuant to Standing Order 43. That right can never be taken away by the Chair. I only ask hon. members to consider seriously the situation in which they find themselves and the situation for which they are asking the consent of the House.

When we have a subject before the House which permits the greatest latitude for debate, there ought at least to be a second thought with regard to what the member is doing, that is, asking the House to set aside a matter in order to give that member an opportunity to speak and criticize the government on certain points, when in fact the subject matter before the House gives the member the widest possible latitude to attack the government, if that is the purport of the motion. It is with most.

Some motions would still qualify quite easily for intelligent consideration under Standing Order 43. I was simply asking members to exercise some discretion and judgment when doing so on a day on which the subject matter for debate is of such wide latitude.

Anti-Inflation Act

Mr. McGrath: Mr. Speaker, I rise on a point of order perhaps by way of a correction to *Hansard*. On Monday last I inadvertently misled the House when I accused the Minister of Employment and Immigration, in a question, of refusing to meet with the manpower ministers from the four Atlantic provinces. I misled the House, at the minister's expense, and consequently I apologize to the House and to the minister. I should have been critical of the minister for his failure to meet with the ten manpower ministers to discuss the national employment issue.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I have checked carefully and ascertained that the fault was not that of the Prime Minister nor of his office. However, somewhere along the line a mistake got into the motion that he moved yesterday to reconstitute the committee on television and radio broadcasting of the proceedings of the House and its committees.

Our member on that committee should be the hon. member for Brant, rather than the hon. member for Sault Ste. Marie. We can make the change through the usual channels, but because it is on the record we should like to have the correction noted.

ROUTINE PROCEEDINGS

[*Translation*]

GOVERNMENT ADMINISTRATION

TABLING OF ORDERS IN COUNCIL RESPECTING APPOINTMENT OF PARLIAMENTARY SECRETARIES AND DEPUTY MINISTERS

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, pursuant to Standing Order 41(2), I wish to table in both official languages the copies of orders in council made by the Privy Council namely, for the year 1977, No. 2805, to appoint parliamentary secretaries, and No. 2865, to designate deputy ministers.

* * *

ANTI-INFLATION ACT

TABLING OF REPORTS ON REFERENCES FROM AIB TO ADMINISTRATOR

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act, I wish to table in both official languages the copies of the reports sent to the administrator by the Anti-Inflation Board concerning matters listed herewith.

[Mr. Speaker.]

[*English*]

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Tuesday, October 18, consideration of the motion of Mr. Dennis Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker. I am sorry that the Minister of Industry, Trade and Commerce (Mr. Horner) is absent from the House. As I heard him replying today to questions asking for specifics in terms of action his department was planning to take, I thought the next thing he was going to do was make a distinction between the good industry and the bad industry in Canada.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: My first serious words, Mr. Speaker—and it is difficult to be serious when referring to the Minister of Industry, Trade and Commerce—must be, personally and on behalf of the Progressive Conservative Party, the official opposition, to express our most sincere congratulations to Her Majesty the Queen on the occasion of her Silver Jubilee—

Some hon. Members: Hear, hear!

Mr. Clark: —and also to express our deep gratitude for the time she spent with us in Canada.

Some hon. Members: Hear, hear!

Mr. Clark: The outpouring of respect and affection for Her Majesty and for her family, which has been so apparent in recent days, is evidence of the very high regard and affection held for her by all Canadians across our land.

Some hon. Members: Hear, hear!

Mr. Clark: We have been greatly enriched by her presence among us, and look forward to her early return.

[*Translation*]

Mr. Speaker, on my own behalf as well as that, I am sure, of all my colleagues in this House, I wish to express to the hon. member for Saint-Hyacinthe (Mr. Wagner) our best wishes for a prompt recovery. I regret, as do all hon. members, the illness that struck him and express the unanimous wish of all, I am sure, that he can soon come back to take his place among us.

• (1522)

[*English*]

I should like, also, at this point to express my congratulations to the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) on the outstanding way in which they opened the debate on the address in reply to the Speech from the Throne. They will understand,

having seen me in their constituencies, that I am not exactly delighted they are here, and that I tried to stop their coming; but I welcome the contributions they made and wish to congratulate them.

I noted that when the hon. member for Malpeque was speaking, he referred to regional development problems particularly as they concern Prince Edward Island. If I might move from one island in that region to another, I would simply draw the attention of the House of Commons to a rare instance of consistency in policy on the part of the government of Canada as applied to the island of Cape Breton. I think that whenever we can find evidence of consistent policy from this Liberal government, it is well worth noting.

I remember, as I am sure most Canadians do, that some 25 years ago a predecessor of the Minister of Finance (Mr. Chrétien), Hon. Walter Gordon, proposed, as a solution to the employment problems of Cape Breton, that the people of that island should simply get up and leave. Now, in that tradition, the minister has allowed the people of Cape Breton a passport office.

Some hon. Members: Oh, oh!

Mr. Clark: There are one or two matters to which I intend to refer briefly during my opening remarks in this debate. Colleagues of mine will be referring at greater length to other aspects of the Speech from the Throne. I want to make a brief, passing reference in the throne speech to a goal in the field of energy which my colleagues and I believe to be an absolutely inadequate one for Canada; that is, the repetition in the Speech from the Throne of Canada's goal of being simply a policy of self-reliance in the field of energy. In reality, that goal of self-reliance, as defined and pursued by the government, means increased dependence on foreigners for critical supplies of oil. We in this party believe that Canada, with more oil resources than Saudi Arabia, must work toward a policy of self-sufficiency for Canada.

Some hon. Members: Hear, hear!

Mr. Clark: This means no net imports of oil or of any other major fuel. I say to the House and to the Canadian people that in the absence of a clear objective of self-sufficiency, Canada will be in very uncertain hands within a decade in regard to its energy supplies.

I want also to deal very quickly with one suggestion made in the Speech from the Throne which is a matter of particular interest to my distinguished colleague from Peace River (Mr. Baldwin). I refer to the government's professed desire to secure parliament's reaction to the green paper on freedom of information. I say to the government very directly: Don't waste our time with that document. That is not a freedom of information paper; it is a rationale for denying access by Canadians to information which is rightfully their property.

Some hon. Members: Hear, hear!

Mr. Clark: Canadians require much more than pious declarations of openness from the government. They need an end to secrecy, cover-up and lawbreaking by their own government. They need to know where the pay-offs went in the AECL deals. We believe this is something the government could find out if it really wanted to know. We need an independent public inquiry into the uranium cartel, not just a secret inquiry during which one official investigates other officials, without any guarantee that we in parliament or the people of Canada will ever learn the results. We need, also, an end to the secret agreement made by the Department of National Revenue to give the police in Canada open access to the tax files of individual Canadians.

Some hon. Members: Hear, hear!

Mr. Clark: We all want more effective action taken against organized crime in Canada. We on this side have been pressing the Solicitor General (Mr. Fox) to allocate more resources for this purpose. The Minister of National Revenue (Mr. Guay) has a fundamental duty to the taxpayers of Canada to protect the privacy of tax files, otherwise we risk very serious abuse of this information. We know from the experience in the United States, unhappily, just where this kind of abuse can lead a free society.

Even though it is part of the parliamentary ritual to extend congratulations to the mover and seconder of the address, it was an exercise in which I enjoyed engaging. But another ritual has developed in recent years which is not so welcome. I wish to observe what has become standard practice under the present government and to take notice of the changes in the ministry since we last met. It is difficult to single out one or two ministers for oustanding incompetence—

Some hon. Members: Oh, oh!

Mr. Clark: I think the only difference between the Minister of National Revenue and the Minister of Supply and Services (Mr. Goyer) is that the Minister of National Revenue proved his utter unsuitability to hold any responsible office before he was appointed, while the Minister of Supply and Services has had the opportunity to demonstrate his incompetence in several portfolios.

Some hon. Members: Oh, oh!

Mr. Clark: That minister has disgraced himself and his government so often that it remains an intriguing question why the Prime Minister (Mr. Trudeau) keeps him in the cabinet. Yesterday, the Prime Minister celebrated a birthday upon which all members were pleased to congratulate him. We are not exactly sure of the mark, in years, the Prime Minister has passed, but we do know that in terms of cabinet changes under his administration he has now nearly reached the 150 mark. Indeed, the only thing that is constant about the Prime Minister is that he keeps changing his ministers. I would remind the House that during his administration we have had eight ministers of communications, nine ministers of consumer and corpo-

rate affairs, eight ministers of national revenue, eight ministers of national defence, and seven postmasters general.

Mr. Trudeau: How many leaders of the opposition?

Mr. Clark: We have had two leaders of the opposition, and after the next election we shall have a third.

Some hon. Members: Oh, oh!

● (1532)

Mr. Clark: The problem with all of this changing that goes on in the shifting of ministerial responsibilities is that it takes years now for ministers to do things that should be done in months, because no one is ever in any job long enough to complete anything. That, sir, is a dangerous feature for Canada. Further to that, it makes a mockery of the fundamental principle of ministerial accountability when ministers are forever shifting to new assignments to escape answering for past actions. That is a remarkable commentary on this government's and this Prime Minister's capacity to manage.

While the government has often been wrong, and too often has been disastrously wrong in particular policies, I suggest that the failure to manage, the treatment of government as a game of musical chairs, has been one of the principal causes for this country losing that sense of unity and that sense of economic momentum which were the gift of this country to this Prime Minister when he first took office in the aftermath of Expo. The fact is that no prime minister came to office with a better opportunity to build Canada and to unite Canadians. Yet whatever was the hope in 1968, the reality today is that after ten years of this administration we are a deeply troubled, deeply divided country.

There is no excuse for this country, which was so united when this government came to office, to be so divided today. There is no excuse for that, but there are a number of reasons, sir, why we have become so divided. One reason—and it is important that these be on the public record—is that it has been the consistent style of the federal government to pick a fight rather than to build a partnership.

Some hon. Members: Hear, hear!

Mr. Clark: Many of us in this chamber remember the era of co-operative federalism. Well, sir, that era was replaced by a government which attacks the provinces, which belittles some premiers personally, which attacks business and labour, and which has come to be seen as a bully and as an adversary in almost every region and every sphere of Canadian life.

A second reason why Canadian unity has broken down under this government is that this government has almost as a matter of ideology concentrated power in Ottawa. It has moved in on urban affairs. It insists on control of cable. It uses the federal fiscal power to bully or blackmail the provinces. Its competition policy builds immense arbitrary power into the bureaucracy. As my colleague from High Park-Humber Valley (Mr. Jelinek) said today, small entrepreneurs are buried in paperwork. This concentration of power has come at a time when most of the world has recognized that many of the functions which this government wants to control for itself are far better exercised by provincial governments or local governments, or in so many cases by private, individual Canadians making their own decisions for themselves.

A third reason why this country is so much more divided now than it was when this government came to office is the reason on which I elaborated in the debate on national unity earlier this year; that is, that this government, whatever the merits of a policy of official bilingualism—as the House knows, I believe there are abundant merits and there is abundant common sense to recognizing the requirement, in a country like Canada, to be able to communicate with the government in both official languages—has made a serious mistake in focusing so narrowly on changes in language law as the means to unite the country.

As the election result in Quebec nearly a year ago demonstrated so clearly, a fourth reason why this country is less united now than it was is that the government has consistently ignored the need for economic growth and economic competence. In ignoring that need it has created unemployment, uncertainty and despair which are the seedbeds of division.

There is no excuse for this country, with all our immense potential, to be facing this kind of economic crisis. Once again, there is no excuse, but there are reasons, and I want to enumerate some of the reasons to the House. The most basic reason is that for the past decade the Canadian economy has been drifting, with no sense of direction. Ministers of finance have produced budgets, made tax changes, and then they have resigned. Not one of them has given us a coherent plan for economic development.

Another reason is this government's failure to spell out and abide by its rules for the Canadian economy. We have been without oil and gas regulations in this country for eight years, and for ten years we have been playing around with redrafts of competition policy. Investors, Mr. Speaker, cannot plan in that kind of uncertainty, so they take their money and go to other countries. The jobs that Canadian money generates are generated in other countries because of this legacy of uncertainty.

Some hon. Members: Hear, hear!

Mr. Clark: A third reason for our economic situation has been this government's utter irresponsibility in spending public funds. Throughout its nine years it has had one simple fiscal stance, and that stance has been to spend, regardless of circumstance, regardless of financial controls and regardless of the long-term cost to Canada. Now, sir, its financial accounts are in a shambles, its deficits grow by the week, and Canadian initiative and enterprise suffer under the sheer weight of government incompetence. We have in the throne speech yet another pious promise of restraint. I simply say to the Prime Minister that a deficit of $9 billion this year, and $12 billion next year, is not much restraint.

Some hon. Members: Hear, hear!

Mr. Clark: If I may speak for a moment, Mr. Speaker, on the subject of restraint, a few days ago on the national TV news the people of Canada were treated to the sight of two government Jetstars on the same tarmac at Calgary, having brought the Minister of Industry, Trade and Commerce and the Minister of Transport (Mr. Lang) separately to the same function.

Some hon. Members: Shame.

Mr. Clark: While it may, indeed, be true that the two ministers find each other's company repugnant, it does make the Prime Minister look a little foolish when he preaches about discipline and restraint and then sends his ministers on separate Jetstars to the same event in Calgary.

A fourth reason, obviously, for the state of the Canadian economic climate is the way this government has dealt with controls. First of all, it wasted any trust that the people might have been prepared to give it as a government when the Prime Minister, in a national election campaign and on national television, pointed his finger at Canadians and said, "Zap, you're frozen", and then a year after condemning the program, turned himself completely around and introduced as policy what he had condemned on the way to winning a national election. It is bad enough that the Prime Minister should so absolutely reverse himself and break his word to the Canadian people, but what made it worse was the incompetence with which the controls program was introduced, his refusal to act on the commitments which the government gave for reforms in other fields of policy during the period of controls, and now the continuing uncertainty as to whether, or when, controls are going to come off.

We were told by the predecessor of the Minister of Finance earlier this summer that he expected to be able to announce, by the middle of the summer, a program for getting out of controls. Well, the middle of summer came and went, the end of summer came and went, the beginning of fall came, and the minister went.

Some hon. Members: Hear, hear!

Mr. Clark: We still do not know when, or how, or whether, this country is going to get out of the program of controls which has done so much to destroy confidence in Canada and to drive to other countries money which Canadians and others would want to invest here to create jobs and growth if only they had a government they could trust. We shall resolve these problems only when we recognize that much of what has gone wrong in this country in the past decade is due directly to the policies of the government which has controlled Canada throughout that decade. That will not be easy to do, because it is the practice of this government to blame everybody but itself for things that have gone wrong.

● (1542)

There is really no reason at all for surprise at the fact that this government has lost so much confidence, when you consider that on questions other than the constitution and language their strategy is set, not by a cabinet of ministers but by two advertising men from Toronto, one of whom is part of a company which grows plants without water and the other who is best known as the author of a book entitled "Have I Ever Lied To You Before?"

Some hon. Members: Hear, hear!

Mr. Clark: Let me come to the Minister of Finance and start by saying to him very sincerely that I and my colleagues on this side of the House wish him well.

Some hon. Members: Hear, hear!

Mr. Clark: He, unhappily, inherits from his recent precedessors a legacy not only of failed policies but of total lack of any sense of direction for the national economy. The other day, when this most recent vacancy occurred, I realized that once again in Canada, for the second time in two years, we were without a minister of finance. If you define the job of minister of finance as being to give economic direction and leadership to the country, then we have not had a minister of finance since the right hon. gentleman became Prime Minister of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: The challenge for the new minister is not simply to patch up a few holes, but to begin from the ground up to give this country a coherent economic development plan. I say to him quite sincerely that if he demonstrates concrete evidence of willingness to make that kind of change, then there will be co-operation from my colleagues. I say, with some sadness, that there is no indication in the Speech from the Throne, and no indication in anything the minister has said so far, to indicate that he intends any change of that kind of significance.

● (1546)

[*Translation*]

Mr. Speaker, the Canadian economy is running adrift, without firm guidance from the government. Unemployment is endemic and, far from looking as if it will decrease, seems on the contrary to be headed towards further increases in coming months; while the former minister of finance forecast a rate of inflation of 6 per cent for this year, chances are it will reach at least 8 per cent. Our rate of growth, from very weak that it now is, will probably go down to 2 per cent for this year, in addition to which the value of our dollar is dropping from day to day. The Minister of Finance promised us he would face those problems tomorrow night. I trust the solutions of the minister will tackle directly the problems we face, that they will be more than window-dressing and will live up to the hopes the Liberal government has inspired towards the minister.

But there is one point which, to my mind, is very important, and which I should like to stress. The new Minister of Finance, faithful in that to the policy of his predecessors, seems to want to hold everyone but the present Liberal government respon-

sible for our economic woes. After the Arab sheiks, after the world economy, now the Quebec government is being held responsible for the economic crisis. Let me merely remind the minister that very recently the *Wall Street Journal* stated that the economic problems in Canada were not the result of the election of a Péquiste government, but that, on the contrary, its election was precipitated by the economic crisis we are now going through.

Mr. Speaker, this government must stop blaming each and everyone for all our problems; it must recognize that it has and must assume prime responsibility for the economy of the country.

[*English*]

Clearly, the minister has to introduce positive measures to stimulate economic activity. We in this party think there should be a budget now. Parliament should have been called back last month for a budget which would stimulate growth in this country.

Some hon. Members: Hear, hear!

Mr. Clark: We should be moving out of controls now, and not next year. There should be tax cuts now for Canadians earning $16,000 and less. The government should be in active consultation with the provinces about cutting the sales tax in order to stimulate consumer demand. There should be an investment tax credit for Canadians who want to invest in Canadian small business. There need to be other tax incentives to encourage research, innovation and development across the country, particularly in regions of slower growth.

Let us be clear that the economic problems facing this country are much larger and much deeper than short-term tax cuts, important as they may be. We are in an economic mess because Canadians, and indeed the world, have lost confidence in the economic management of this country. This government, in less than a decade, has erased a reputation for economic soundness and stability which had taken Canada a century to build up.

Some hon. Members: Hear, hear!

Mr. Clark: It is hardly thoughtful or responsible to try, as the minister has, to pin on the provinces primary responsibility for taking action to meet our unemployment crisis. Certainly, his comments so far on the fall of our dollar have not been marked by much thought or responsibility, I regret to say. The minister's position is that the dollar is floating—just floating, period. If you add $500 million in water wings from the Bank of Canada, you do not have a floating dollar. Perhaps the minister does not understand that, or perhaps he wants to mislead Canadians as to just how serious is this situation. He most certainly does not help that position one iota by talking as if the government does not care to what level the dollar floats. That is an open invitation to currency speculation. The Canadian people expect the minister to take charge of the situation, and not hand it over to the gnomes of Zurich.

Some hon. Members: Hear, hear!

Mr. Clark: Let me implore the minister not to delude himself and not to delude Canadians into believing that it is good for Canada to have our dollar sliding on world money markets. That might mean short-term benefits for our exporters, but as experience in countries like Britain and Italy has shown, devaluing the currency is no answer to basic economic problems. That idea went to 20 years ago. The minister has to deal with today's reality.

Some hon. Members: Hear, hear!

Mr. Clark: No one speech by the minister, whether he calls it a budget or simply treats it as one, and no one series of tax changes is going to turn that situation around. It has taken this government ten years to ruin Canada's reputation. It will take time to restore it. Ultimately, the only means by which the reputation of Canada can be restored is for there to be a change, not only in policy but a fundamental change in government.

Some hon. Members: Hear, hear!

Mr. Clark: This minister can at least make a start tomorrow night. He has been a senior member of this government for most of the period in which our reputation has been ruined. If he is to be successful, he will need the support of his Prime Minister, just as the nation needs to know in a definite, clear way the views of the Prime Minister on economic matters.

● (1552)

I think it is fair to say that the Prime Minister's musings on television, his casual talk of discipline, his suggestion on Monday that controls might stay for some time as a weapon which the government would want to use—those statements from the head of the government of Canada have had a high cost in confidence for Canadian investors and for the Canadian economy.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister cannot shift this burden to the Minister of Finance. The Prime Minister himself is so much a cause of this problem that I challenge him, in the speech he will be making today, to accept his obligations and to address the fundamental economic problems which this country faces, and to spell out precisely his views, as the Prime Minister of Canada, of the Canadian economy, of the relation between government and the private sector in this country, and to spell out precisely and in detail the kind of discipline he is prepared to impose upon himself and upon his colleagues in the government.

Some hon. Members: Hear, hear!

Mr. Clark: We are all concerned about keeping this country together and we are all, I think, beginning to realize now—we recognized it some time ago, and now it is seeping over to the other side—that there is not going to be any permanent means of keeping Canadians together until our economy is in order. We have to address our economic problems as being the most

urgent problems on our agenda, even if in the longer term the problem of keeping Canada together turns out to be the more important problem. But the most urgent item on the Canadian agenda now is economic growth. Achieving it will be one of the principal means, perhaps the principal means, of ensuring that Canadians will live together and grow together as a people.

I want to speak about one or two of the other aspects of the issue now called national unity. I begin by saying, just in case anyone believes the Prime Minister is becoming more flexible on federalism, that we have his appointment of the new Minister of State for Federal-Provincial Relations (Mr. Lalonde) to prove the opposite. In one move that minister has gone from a position in which 8,000 public servants were reporting to him, to one in which no one else in the government wants to talk to him.

After all, the government has a federal-provincial relations secretariat, a national unity secretariat, and Lord knows what other secretariats. But they all report to the Prime Minister who, as we know, has complete confidence in his Minister of State for Federal-Provincial Relations. The new minister was described by one government official as "a kind of vice-prime minister", which I am sure is interesting news to the new deputy prime minister who has not been seen in these parts since the designation of the Minister of State for Federal-Provincial Relations.

Some hon. Members: Oh, oh!

An hon. Member: He is ill.

Mr. Clark: I did not realize he is ill, and I apologize. I am not going to speculate on the source of his illness, but I will say that we know the deputy prime minister to be a man and a parliamentarian who is hardy enough to withstand even the designation of the Minister of State for Federal-Provincial Relations as vice-prime minister.

Some hon. Members: Hear, hear!

Mr. Clark: The speech from the throne indicated that a number of proposals would be brought forward later this session. We will be interested in seeing these proposals. We will be interested in seeing the form in which they are brought forward, and in scrutinizing them with care. We hope that in preparing these proposals the Prime Minister and his colleagues will pay particular attention to the agreement that was reached at an historic conference in Kingston in early September, when I had the honour to meet with the four Progressive Conservative premiers of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: I would have invited all five, Mr. Speaker, but we had to have the meeting before the latest burst in the fortunes of the NDP.

Some hon. Members: Oh, oh!

Mr. Clark: I note a little skepticism on the part of the party opposite regarding the pulling together of provincial premiers. I would advise the Prime Minister to do it quickly while there are still some left, and to call together his two premiers. Someone has pointed out to me that his most westerly premier is the premier of Prince Edward Island.

Some hon. Members: Hear, hear!

Mr. Clark: More seriously, I think it would be very helpful for the Prime Minister to attach real priority to calling together, on a much more regular basis, the premiers of the various provinces in order to consult with them on a wide range of questions as to the means by which we might work out ways in which to unite the country.

● (1600)

[*Translation*]

Mr. Speaker, on top of the irresolution and lack of leadership which characterize them, this government now intends to put before Parliament a number of measures aimed at reforming the constitution. My colleague, the hon. member for Kingston and the Islands (Miss MacDonald) will delve deeper into that aspect of the speech, but I would nevertheless like to point out two particular items which seem important to me. First of all, it should be obvious to the government that no solution to the Canadian problem will be valid unless it is developed in close cooperation with the provinces. Unfortunately, once again conservative in its habits in this respect, the government seems prepared to act unilaterally, without the provinces' agreement or close cooperation. This government must not lose, for short term political gains, the support and co-operation of its provincial partners.

Finally, the government says that it proposes to clarify the role of the courts, particularly in the interpretation and administration of the Official Languages Act. Although I can understand the embarrassment of the government as a result of legal action taken by one of its own members, my party intends to oppose strongly any restriction in the jurisdiction of the courts concerning the administration and the interpretation of the laws of this House. If the government is not satisfied with this legislation, let it have the courage to present another one to amend it but it ought not, through deviated means, try to preclude its administration.

[*English*]

There is one other matter in the constitutional field with which I want to deal quickly. It relates to the legislation passed by the legislature of Quebec, namely, bill 101. I believe there is every reason for the government of Canada to take the action that only it can take, and to make a direct reference of that bill to the Supreme Court of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: The most important reason for this is that the people affected in Quebec are entitled to know right now, not some years from now, what their constitutional rights are. Last month the government declared that bill 101 will—

adversely affect . . . the fundamental rights and freedoms of Canadians.

They said that the bill is—

inconsistent with the federal government's view that no government in Canada should in any way inhibit free movement within the country.

They said:

—a few provisions of the law are of doubtful constitutional validity, while certain other provisions might be found to be unconstitutional depending upon their application in practice.

● (1602)

These are the views of the government of Canada, but this government which has those views does not have the courage of its convictions. It does not have the courage to act on the advice it has received from its own law officers.

Mr. Basford: That's not true.

Mr. Clark: The Minister of Justice (Mr. Basford) says that is not true. If he believes it is not true, he has a course open to him: he can make a direct reference to the Supreme Court of Canada of bill 101.

Some hon. Members: Hear, hear!

Mr. Clark: It is obvious that under the circumstances a reference to the Supreme Court of Canada is the proper course.

An hon. Member: Make it.

Mr. Clark: Someone, in ignorance of the law, says, "Make it". I cannot make it; only the government can make it, and it should make that reference now. However, it will not do so, and the people of Canada who are affected by bill 101 will wait and wait to know what their rights are, when the government of Canada could obtain a judgment and a decision right now.

We in the official opposition pledge ourselves, at the beginning of this parliament, to make a continuing, positive contribution to the work of this House. We will support positive legislation and actions by this government. We will work to improve its legislation, as we have done, with effect, in the past. We will work to ensure its consultation with the provincial governments, as we have continually urged in the past. However, we will also demand that this government deal directly with the realities of Canada.

Our falling dollar is a symbol for all the world to see. We know, the people of Canada know and the nations of the world know, that this government, through its incompetence, has mismanaged our affairs, squandered our human and material resources, mortgaged our future, generated regional alienation, inspired social and cultural discord, and introduced insecurity into the hearts of the people of Canada.

Some hon. Members: Shame.

Mr. Clark: The throne speech has one prophetic section at the very end. That is where it states, "Canada is now entering a new era". The speech goes on to say, "It can be an era of increasing confrontation, tension and division". That is what we have had, and that is what we will continue to have with this government.

An hon. Member: Finish the sentence.

Mr. Clark: I am prepared to finish the sentence. However, the point I want to make to the hon. member, whose most frequent intervention in this debate is to speak from his seat, is that we have had in this country, almost exclusively thanks to the techniques and methods of this government, a decade of confrontation. That has been at the root of the problems of this country. The hon. member wanted me to complete the phrase. I will be delighted to do so, because the speech also suggests that we can go on to an era "of enhanced freedom, co-operation and unity of purpose". That is what we will have when we get rid of this government.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister is fond of speaking about the need for structural reform in Canada. That phrase, "structural reform", appears again and again in the throne speech. To take this country into the new era, of which the throne speech speaks, one fundamental structural reform that is needed—and that, sir, is to fire this government.

Some hon. Members: Hear, hear!

Mr. Clark: I, therefore, move, seconded by my colleague, the hon. member for York-Simcoe (Mr. Stevens), that the following be added to the Address in Reply to the Speech from the Throne:

This House regrets to inform Your Majesty that the incompetence of Your Majesty's ministers has damaged Canada's economy and undermined confidence in it at home and abroad.

Some hon. Members: Hear, hear!

[*Translation*]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would first like to join the members of the House who expressed earlier to the hon. member for Halifax (Mr. Stanfield) their deepest sympathy on the death of his wife Mary. In the last several months, we were all happy to see that she was getting better and we hoped that she would still be among us for us to see, as we had so often in the past, her smiling face and her great kindness at the social gatherings that we had the pleasure to attend.

I would simply like to express on my behalf and on behalf of all members on this side of the House our deepest regret and sympathy at this great loss. I would like to join the Leader of the Opposition who expressed earlier his satisfaction at the fact that Her Majesty Queen Elizabeth II of Canada has given us, parliamentarians, the opportunity to be associated with her jubilee celebrations.

I would simply like to add once again that we wish Her Majesty and all members of her family a good health and happiness not only in this jubilee year which is coming to a close, but for all the years to come. I am also in agreement with the Leader of the Opposition who congratulated the

movers of the Address in Reply to the Speech from the Throne. It is obvious that the hon. member for Louis-Hébert (Mr. Dawson) has many qualities which would be quite remarkable in anyone, but which are even more remarkable for a man still in his youth who, yesterday, was able to express clearly, succinctly and convincingly, all the ability that he has gained through his administrative experience as an elected member of various school boards, some very serious thoughts on the economy and the future of our country. I believe that the best tribute that we can pay him would be to say that Mrs. Albanie Morin would have been very proud to hear her successor.

As for the hon. member for Malpèque (Mr. Wood), we knew that he would bring to our debate his knowledge of agriculture and the food industry. We also expected him to show the kind of human sense which is so typical of Prince Edward Islanders, and I must say that we have not been disappointed by his open mind, his warmth and his very great humaneness.

At the very outset of this debate, Mr. Speaker, I would like to say that in my opinion, at this stage of Canadian history, the future of Canadians and the future of our nation itself hang in the balance. And history will tell which side carries the more weight. Obviously, it will be through the collective will of all citizens that we shall be able to put more weight in the balance and to express clearly and vigorously all the confidence that we have in the future of this country.

At no time in our history has there been so serious a threat to our society, both from the economic and national unity standpoints. Because of this many could be disquieted and even appear despaired as the official opposition often do. But on this side we have every reason to believe that at no time in our history have the Canadian people been better equipped to face the current challenge. At no time has the Canadian public been better informed of the choices to be made, and capable of forging its own destiny in the current world environment. For that reason, and despite the somber and largely accurate picture drawn by the Leader of the Opposition, we on this side have confidence in the future.

To take up on the opposition leader's invitation I would like to indicate my personal thoughts on the economy and the question of national unity. I shall deal with the economic situation.

● (1612)

[*English*]

The Leader of the Opposition (Mr. Clark) challenged me to spell out my views on the economic situation. I shall do so with all the seriousness that I can command. My analysis of the symptoms may not differ fundamentally from his, but I think, contrary to the position of the Leader of the Opposition, I will have to show the directions the government will follow, not only in my speech but in the speeches which will be made in the course of the present debate. The symptoms have been spelled out rather starkly by the Leader of the Opposition. I need not dwell on them. There is high unemployment in Canada, there is high inflation, and a very serious devaluation of the dollar.

I should like to try to examine, before this House, the causes of this state of affairs and, hopefully, propose remedies that this government sees. I suppose, Mr. Speaker, the easiest way to indicate the over-all cause of our present economic state is to say that Canadians generally—governments, federal and provincial, people generally and all economic decision makers—have failed to adjust to external and internal realities in the world. I hate to examine that in too much technical detail, but in the past year we have published two government statements, one called "The Way Ahead", and the other "An Agenda for Co-Operation". They went into our views of the economic revolution in this country at great length.

When I say that we failed to adjust to realities, I suppose the shortest way of expressing that is to say that in a sense we have been the victim of our own successes as a government, as a country and as a nation. The record of economic achievement in this country since 1945, the end of the Second World War, has been very impressive. Canadians have shown that they have the ingenuity, the technology, the determination, the capacity for hard work, to conquer the external difficulties; including the great distances in Canada, including the weather, including all those other externalities which press upon us. Canadians have shown that in spite of those disadvantages, we can, in this country, sustain very considerable economic growth—the greatest growth in a given period that this country has ever known.

Just look at the figures. Since the end of World War II the population in Canada has almost doubled. We had the fastest growing labour force, in this country, of any industrial nation, yet real after-tax income per person more than doubled in this country during that period of time. The real standard of living of all Canadians, on average, more than doubled in that period of time. It is important to note that that was after taxes.

Heavy taxes were levied, by all governments, on the people of Canada—taxes which permitted us to invest in the future and in the present of this country in a way which has perhaps been unequalled in any other industrial society. I am thinking of the advances we made through our tax investments in the area of taxes, in medicare, the assistance we gave to aged people, in family allowances and in so many other areas where the Canadian people, after they had paid taxes to obtain all these social and economic advances, were still twice as well off as they had been in the middle forties.

Where, perhaps, we went wrong, when I say we are the victim of our own success, is that Canadians—their governments, perhaps, first and foremost—began to feel that everything and anything was possible in Canada. On top of all these very far-reaching social schemes, we began to invest more in the quality of life, spending more on anti-pollution concerns, doubling, trebling the number of national parks, subsidizing energy so that Canadians would not be hit by the stark reality which had hit the rest of the world after the OPEC nations formed a cartel.

● (1622)

We still found that we should do more in the area of decentralization. We still found that we should be spending more through the Department of Economic Expansion, and through other departments, in order to give greater opportunity to those regions of the country which had not been favoured by nature or by history. It is very important to say that during that period Canadians showed to the world that they could be leaders in the economic and social fields. Canadians have a right to be proud of their record. That was recognized in the councils of the world and in all kinds of forum—the fact that Canada, through the size of its gross national product and the size of its exports, qualified to be invited to the summits which have been marking the leaders among industrialized nations. All these are proof that Canadians have been able to succeed. However, Mr. Speaker, the expectation which was created by this great prosperity, this revolution of rising expectations which led Canadians to believe there was no limit to the kinds of social, environmental and developmental progress that they could afford, was in a sense the cause of our present difficulties.

It turned out that Canadians, at the other end of this period, began to consume more than they were producing. Once again, consider the figures from the mid-fifties to 1971. The purchasing power of Canadians, after taxes and after discounting for inflation, the real standard of living, doubled. However, during that period there was an increase of goods and services in this country which roughly doubled. In other words, the doubling of our standard of living was matched by the doubling of our productive capacity. From 1972 to 1976, real disposable income continued to rise at that same, almost breakneck speed: it continued to rise in that period of four years by 30 per cent, while real domestic production grew only by 17 per cent.

It is obvious that that could not last, because our standard of living depends ultimately on what we can produce as a nation. We cannot enjoy the fruits of foreign labour, buy their goods, enjoy their services by travelling or holidaying abroad, unless we can produce sufficient goods and services of our own that foreigners are willing to buy at our prices. We could, of course, for a short period of time—in this case, four years—match the difference between a 30 per cent pulling out of the economy by Canadians, and 17 per cent being put into it, by borrowing a certain amount of time and a certain amount of money. However, it is obvious that could not go on forever. We were, in a true sense, as a nation living beyond our means, because our standard of living was not justified by what we were producing as a nation. Other nations would not pay the price for our goods.

That leads me to the third cause of our present economic difficulties. It can be expressed very simply by stating the truth—that our prices are too high. We buy from other nations; we buy their services by travelling, and their goods by importation. They do not buy an equivalent or a sufficient amount of ours to maintain that standard of living. If our prices are too high, what happens? In the case of raw materials, of course, the markets of the world set the prices. We have to lower these prices if we want to sell them. We have less revenue. Having less revenue, we invest less, or close down. That creates unemployment.

There are some cases where we can protect some of our natural resource industries. We have done that through the uranium cartel which is so heavily criticized by the opposition. This is an example of Canadians, in a specific instance, making sure that the protectionism of other countries which affects our ability to sell is matched by an equal protectionism of those countries which are a victim of the first instance.

In the area of raw materials, we can occasionally protect ourselves somewhat. However, we cannot, in a consistent and constant way, set world market prices for the raw materials that we produce, whether they be minerals or renewable resources such as lumber. There again, as prices fall, the number of jobs falls.

In manufacturing, the situation is perhaps even more stark. We must be competitive in manufacturing either by being as productive as the others or, if our productivity is not as great, to have lower wages and lower profits than the others. Alternatively, if we want to match the wages and profits of the other countries in manufacturing, we have to be as productive. We have not succeeded in either of these. It is all very well to wish that entrepreneurs would take lower profits. The NDP in particular have been wishing that for a long while. However, the very simple reality that takes over at this point is that capital is very mobile. If the profits of Canadians are less—

Mr. Broadbent: First year Adam Smith.

Mr. Trudeau: I hear the leader of the NDP dropping names, Mr. Speaker. His education has gone beyond Karl Marx; he goes as far as Adam Smith.

Some hon. Members: Hear, hear!

Mr. Broadbent: That is as far as you have got—Adam Smith.

Mr. Trudeau: If capital finds higher returns elsewhere, it moves elsewhere. What is left if our productivity is lower, is to have lower wages. But is our productivity lower? Surely Canadians are not unproductive. Workers in Canada are as skilful as those anywhere else. I think it is fair to point out that generally, even in the manufacturing industry, there has been some catching up on productivity by Canadian workers. I believe the hon. member for Oshawa-Whitby (Mr. Broadbent) was giving an example on Monday of one industry where that was the case. However, over-all, on average in manufacturing we have not yet completely caught up. As a matter of fact, on average the figures are still pretty revealing. We are only 80 per cent as efficient as the United States in our manufacturing sector, yet during this period about which I am talking, and at the present time, average hourly earnings in manufacturing industries are 7 per cent higher in Canada than they are in the United States. We are 80 per cent as productive—or 20 per cent less productive, if you wish—yet average wages are 7 per cent higher.

An hon. Member: That's a myth.

Mr. Trudeau: The hon. member in the NDP says it is a myth. It may be a myth today, but it was not a myth in the second quarter. These are the figures the hon. member can confirm from the Bureau of Statistics. Today, it is a little less because of devaluation. I think probably, at the latest value of the Canadian dollar, Canadian average wages in manufacturing are only, perhaps, about 2 per cent higher than in the United States. But productivity is still 20 per cent lower. So it is obvious that either our prices are too high or our productivity is too low. It is also obvious that the head-in-the-sand attitude of the NDP in these matters—that of feeling there is no limit to what wages can attain in this country—is one of the causes of our economic distresses.

● (1632)

Some hon. Members: Hear, hear!

Mr. Trudeau: If it is true that our present malaise comes from living beyond our means as a nation, the remedy should be rather simple. It should be to live within our means. Here, again, I am saying that to live within our means as a nation we must produce more if we want to continue to consume as much. I know that our government and other governments in Canada have made the mistake, as I said earlier, of trying to give too much to the Canadian people by way of social benefits, without Canadians being prepared to pay for them in terms of slowing the increase in their real gains. We have in the past two years attempted to correct that situation. The President of the Treasury Board (Mr. Andras) and his predecessor have not only indicated the extent of their commitment in this regard, but have shown they can reduce government expenditure and slow down dramatically the increase in the size of the civil service.

Obviously, though, in a situation of high unemployment more than simply controlling expenditure is involved. We are constantly pressed on this side by our own members and by members opposite to spend more on this or that worthy project. Indeed, on the very first day the House sat this week, on Monday, there were several motions from opposition parties urging the government to spend more in particular areas of the country or on particular sectors of the economy. We have to show restraint, but it is clear that without taking the position of being the employer of last resort or otherwise, the government does feel it has a commitment in the area of direct job creation.

This year we have budgeted $350 million for direct job creation. Recently, that amount was increased by some $100 million and, if I may scoop the Minister of Finance (Mr. Chrétien), I have reason to believe that tomorrow he will announce the allocation of a further $150 million in the area of direct job creation.

Some hon. Members: Hear, hear!

Mr. Trudeau: So this year and next the federal government will spend more than $1 billion on direct job creation. Everyone realizes that jobs can, in a sense, be created by government, but the majority of jobs must, under our system, continue to come from the private sector as a consequence of private investment. In the last budget the government did provide tax incentives for private investment. We did what we could, in that sense, to demonstrate confidence in the economy. But it is absolutely certain that the greatest incentive to investment and economic growth in this country cannot come from government spending on job creation. It must come from a renewed sense of confidence within the business community. This is essential. It could, of course, come from the stable kind of policy for which the Leader of the Opposition is asking, but it must also be accompanied by the belief of investors that there will not be a new outbreak of cost increases since, if my analysis is correct, such increases are among the most serious causes of our present economic difficulties.

So the government acted, and continues to act, to bring costs down. Three areas are worth mentioning: first, the Anti-Inflation Board. We have brought costs down. I realize that the policy of the oppositions parties is to get rid of the Anti-Inflation Board. They have been wanting to do that, in one case, I believe, for the past two years, and in the other for perhaps a year. But we have brought average wage settlements down from 22 per cent in the first half of 1975, before the AIB was established, to 14 per cent in 1976, and to 8.5 per cent in 1977.

We have brought costs down, and at the same time the consumer price index has been going down. If you look at the period of two years during which the Anti-Inflation Board has operated, we are on target. In the first year we did better than had been planned; we brought inflation down faster than the guidelines had foreseen. This was in some substantial measure due to the fall in food costs, as the opposition has always reminded us. In the second year we did not do quite as well, food prices were not as favourable. But on the average, over two years of controls we are just about on target. We have brought costs down and we have brought the consumer price index down.

Some hon. Members: Hear, hear!

Mr. Trudeau: A few minutes ago we were enjoined by the Leader of the Opposition to get rid of controls. Mr. Speaker, we would like to do that. We would like to get rid of controls. But the fact that we are now bringing inflation down from double-digit figures to lower levels must not lead us into believing that this catching up is sufficient, because we still have the legacy of unemployment which persists from the fact that our cost structure for the past several years has been much higher than that of our competitors.

We have always said we would get rid of controls. We want to get rid of controls. We attempted to get rid of controls last summer, when the minister of finance was working toward the date of October 14. But we would only do so if we had an expression of the willingness of the unions and the employers to co-operate in keeping the lid on inflation. In other words, as we said when we brought in controls in October of 1975, we can only give Canadians the opportunity to express a resolve to

co-operate in order to dampen the inflationary spiral. It must come from us. It must be an act of collective will. Indeed, in the past two years in which we have had controls I think we have seen a remarkable amount of restraint shown by Canadians.

The figures for negotiated settlements in the second year of controls were below the AIB guidelines in 70 per cent of those settlements. This shows that Canadian employers and unions have exercised restraint in the great majority of cases in which settlements have been negotiated. It shows that collective resolve can successfully be brought to play. The date of the removal of controls will be announced tomorrow by my colleague, the Minister of Finance. We urge Canadians to understand that it is only because of this change of attitude that we can even consider setting a date. This change of attitude has also been shown in the strike record, which is very considerably improved this year compared with last year—63 per cent less strikes in 1977 than in 1976.

● (1642)

The hon. member for Hamilton is often asking me what kind of discipline is best for Canadians. Well, Mr. Speaker, this is a good example of self-discipline, of Canadians beginning to realize that they can do much better in the economic sense if they want to co-operate. Indeed, if we look at the figures showing the trade balance, we see we have done considerably better this year than last year. There is a considerable increase in the surplus of merchandise trade. The figure to the end of August was $2.5 million. It is turning around. It is beginning to show the sense of discipline, of restraint, for which we have been appealing to Canadians.

Of course, we have been helped—and we have to admit it very clearly—by the devaluation of the Canadian dollar. The dollar declined some 12 cents over the past year, Mr. Speaker. This is not something that was contrived by the government. Everyone knows that the dollar is floating and that the money markets of the world were merely giving us a message. They were saying that our cost structure was too high, that Canada was not an attractive place to invest; therefore, this corrective process of devaluing the Canadian dollar on the markets of the world was set in place. The beauty of the mechanism is that as it sends us a message, it also corrects what is wrong with our economy. Because it means—this goes back to Adam Smith, and I am sure the leader of the NDP will understand it too—that when the dollar is worth less, our exports are more attractive and our imports are more expensive.

Mr. Broadbent: Page 321, first edition.

Mr. Trudeau: Of course, the difficulty with the rate of exports being higher, and imports being lower, is that this means higher costs, higher prices in Canada. Therein lies the trap. If Canadians say, "Well, our costs are higher; we are paying more for imported goods or for goods which are substituted for imported goods, and therefore we are going to try and increase our money incomes", then, of course, we have defeated the whole corrective process of devaluation, because then we get higher costs and we can no longer continue to compete.

I have given earlier figures showing that average wage rates in Canada were 7 per cent higher than those in the United States just a few months ago. Now they are only 2 per cent higher. What has happened in the interval? The dollar was devalued and we became suddenly more competitive. But we must not miss the signal, Mr. Speaker. We must realize that if we do, if we just seek a higher money return to offset these higher costs of what we are importing, we will have lost the opportunity to expand and to create new jobs. In other words, we will not correct the economic situation; we will only put higher inflation on our backs.

There is another area which I must mention, but only briefly in view of the time constraint. That is an area, as the Leader of the Opposition has reminded me, about which we have talked abundantly in the Speech from the Throne, the area of structural change. As early as October, 1975, when we were bringing in anti-inflation controls, we said that we would have to bring in structural changes in areas such as housing, energy, food. We have brought in changes in these areas which have produced results in the form of multiple-dwelling units, for instance, increased energy exploration and increased conservation measures. These will be commented upon in some detail by the respective ministers. The Speech from the Throne indicates the other structural problems which we will address, and how we intend to adapt to this changing world environment through the market system and through the government's creating a climate for change in a way which will permit balanced growth.

The last remedy which I wish to mention in the area of the economy is that of consultation. We again talked in great detail on that subject in the Agenda for Co-operation. I just want to mention—and it is suggested in the Speech from the Throne—that we will need to set up an agency for monitoring and consultative mechanisms, if indeed we want to control our economy. There is no assumption that consultation is a substitute for action, but it is obvious that proper action—non-confrontation action, to reassure the Leader of the Opposition—must, and can, proceed from consultation. I think the northern pipeline decision was a good example of that.

Some hon. Members: Hear, hear!

Mr. Trudeau: Hon. members can remember a few years back when that appeared to be an incredibly divisive policy. At least potentially, that was an area where we would see the country divided against itself—east versus west, north versus south. But because there was this long consultative process, because there were so many people involved in reflection upon this, it was possible for the government to come up with a policy which was roughly that, I believe, of the main opposition parties in this House. The result will be some $4 billion spent on Canadian goods and services. Nearly 100,000 man-years of employment will proceed from that project. This does show that what is needed is not so much a new economic

theory, a new Adam Smith, a new Karl Marx, a new John Maynard Keynes—

Mr. Broadbent: A new government.

Mr. Trudeau: What is needed is a simple decision on the part of the Canadian people to cooperate, to keep their costs down, to live within their means, to act together in a spirit of cooperation in every area of the economy.

Some hon. Members: Hear, hear!

Mr. Trudeau: The government said this quite clearly in the Speech from the Throne yesterday. I will just read a short phrase which is to be found about half way into the Speech from the Throne:

> This discontent in such a wealthy country must find its causes in the human spirit, and it is there also that the unity of the nation must be found.

We have seen, from listening to the Leader of the Opposition—I am sure it will be true when we listen to the leader of the New Democratic Party—that there are no economic signs that will tell the industrialized nations how they can improve the situation. We will see it is not a new Cain which is arising and telling us what must be done to create jobs, to reduce inflation. We see that even in the ranks of the opposition parties, within the same party, some will have one theory, others a contrary theory. It is not a new economic theory which we need; it is a new spirit, a new national will.

● (1653)

[*Translation*]

It is true, Mr. Speaker, that in the area of national unity the same spirit of cooperation rather than confrontation is required. I am receiving lessons from the Leader of the Opposition who feels that there is too much aggressiveness on this side of the House. The analysis of these solutions can therefore show whether this is true. But I would be in total agreement with him if he was suggesting that in the area of national unity, progress will more surely come through cooperation than confrontation. Going through the history of our country, it is certain that it does not show of heavenly perfection. Obviously compromises were made all along between the various forces. Obviously these compromises never were final nor completely successful. But obviously they allowed our country to progress for 100 years, and made us one of the most privileged countries in the world.

We are what we are, Mr. Speaker, not on account of external powers and obligations laid on us, but because we have chosen our fate. Nobody has forced confederation on us, our federative system did not originate in Great Britain, France or the United States. Canadian federalism has been the creation of a properly Canadian genius and in the same way, Mr. Speaker, the new federalism which we are trying to set up must be devised by us. It must be adapted to present circumstances and answer the real problems confronting us today. How could I specify them, Mr. Speaker? I cannot dwell too much on the various social sectors, the different geographic areas giving rise to dissension.

If we consider the Indians, the Metis and the Inuit, it is certain that we must eradicate the cause of their alienation by giving them some time and also the financial means to find in their own mind their sense of direction, the place which they want to take in Canada, give them the opportunity to make legal and historic research which will enable them to gain satisfaction and obtain fair results. Again, as an example during the pipeline debate which lasted a few years, the Indian and Eskimo people of an area of the country have at various times, been able to express their objection to the Mackenzie solution and indeed, Mr. Speaker, this pipeline has not been built. Therefore, in this area as well as in others there must be a long process of consultations and exchanges.

The Atlantic provinces hold grievances dating back 100 years because their hopes have been frustrated. They believed that Confederation would provide them with more industries, more jobs, better transportation systems. What they are asking for is the possibility to be a little more self-reliant, self-sufficient, the opportunity to choose their own economic destiny, the opportunity to keep their own people at home instead of seeing them expatriate themselves to find employment elsewhere. It is true that succeeding governments, ours and others before, did face such problems and tried to solve them.

One only needs to consider the area of equalization payments, for instance. In the last nine years, some $5 billion have been paid to the Atlantic provinces in order to bring the standards of their public utilities more or less up to the national level. As a matter of fact, almost one fourth of those provinces' budgets comes from equalization payments. In the last eight years, the Department of Regional Economic Expansion has injected some $1,300 million in that part of Canada to create jobs and promote industry, for an average of about $77 per capita for the Atlantic provinces compared to a national average of some $17.

Therefore, it is clear that successive governments have looked into this problem, but that it is yet to be resolved. Mr. Speaker, why are we hopeful on this side of the House that these problems will be resolved? Because here is now, I dare hope, a climate, a public opinion which is ready to make structural and other changes.

● (1702)

Decentralization is already well on its way through the action of my colleague, the present Minister of Finance (Mr. Chrétien), the development of energy resources, the tapping of marine and sub-marine resources, the establishment of a 200 mile off-shore limit, the federal-provincial agreement on the tapping of sub-marine resources, and I might add the increasing awareness by all Canadians of the fact that we must really provide that underprivileged part of our country with a greater equality of opportunity, something which is now evident to all of us.

The Leader of the Opposition (Mr. Clark), at the Kingston Conference, which he deigned to refer to as historical, has taken up position in this respect. That is a thing, Mr. Speaker, we had proposed as early as 1971, at the Victoria Conference,

but the people of Canada, and certainly the Leader of the Opposition, were not aware of that. All this, I believe, gives us grounds for hope, Mr. Speaker, that we will at last be able to resolve those problems in a spirit of courage, initiative and sacrifice.

Western Canada has problems which are not parallel, or identical, but are problems nevertheless. It was practically in a state of wilderness at the beginning of Confederation. Now it is one of the fastest developing areas in the world, one of the most confident in its future, and yet its people are frustrated. Why? Because in that part of our country they feel they are not given enough opportunity to participate in setting up a national policy. They feel they are too remote from the central government in Ottawa, and left out of the centre of decisions which were traditionally made in Upper and Lower Canada. The government addressed itself to these problems in the "Western Economic Opportunities Conference" in 1973 but as recently as this summer, the four western premiers met in Brandon and published a document entitled "Task Force on Constitutional Trends," which indicated that, in their views also, the problem was a constitutional one.

There are the economic problems, but in the provinces, even in the very prosperous ones such as Alberta, there is concern about constitutional matters, thought is given to the constitutional set up. In other words, Mr. Speaker, when the government addresses those problems, despite the fact that the Leader of the Opposition chides us for being too concerned about the problem of unity and not enough about the economy, well, we are only doing what the provincial premiers do, who feel that the two are of equal importance, who feel that the constitution, and the problem of unity are in a sense as important as the economic problem. One cannot be solved without the other, one depends on the other, and the solution of one depends on the solution of the other.

That is how we see the problem, Mr. Speaker, namely that of Quebec: and in dealing with it, we naturally also talk of the constitutional situation. We did not invent that: the Quebec government, the Péquiste government itself has put to us the fundamental question of national unity. We would be playing ostrich if we claimed that it did not behove us to deal with it because the economy is too important, because we have to deal first of all with the economic problems. So, Mr. Speaker, in that matter as in all others, we are willing to tackle the problem.

To make my statement clearer, I will consider the province of Quebec and the problem it raises under two aspects: On the one hand, the province of Quebec is unlike the others. Obviously, because of its language and culture, it differs very deeply from the other provinces with a majority of English speaking population but, on the other hand, it is also a province like the others in that all provincial governments are trying to bring about constitutional changes which would give them more control over their own destinies. Of course, all governments think they would be better equipped to deal with their problems if they had more money and a wider jurisdiction. This is not only true of provincial authorities, but also of our own government.

As I said Mr. Speaker, I would like to consider this problem under those two aspects. First, the general one which is common to all federal systems, I mean the tension between the provinces, and it is through this creative tension that both levels of government are often faced with problems.

If, for instance, we look at Quebec's demands for an extended jurisdiction in the field of communications, what do we see? We see that Saskatchewan, Manitoba as well as other provinces would like to have more powers in that particular field. The same goes for immigration. Quebec would like a broader jurisdiction in that area. Some say that Alberta has the same concern and also wants to have some kind of control on its immigration. Quebec would like more powers in the field of social security, namely through more percentage points. So does Ontario.

It is in this sense, Mr. Speaker, that when people talk about a special status they are only fooling themselves. We know that if a province, Quebec for instance, obtained more constitutional powers, the other provinces would like to have approximately the same powers. As a proof, when I made a proposal to all the provincial premiers early last September, people were up in arms because they felt I was offering a special status to Quebec and they said: But the same thing has to be offered to everyone.

That was a misunderstanding, naturally, because I was not offering a special status to anyone. I was using a formula that has been in existence for several years, the "opting-in", but in any case, Mr. Speaker, the fact of the matter is that a special status is absolutely unrealistic in a sense that if we stretch that notion, each province, if it wants an absolute control over its own development, be it industrial or economical for instance, should have jurisdiction on monetary, fiscal, tariff and even foreign policies. This is obviously impossible in a united country. It is obviously impossible to give the provinces all the jurisdictions they might need either directly or indirectly in order to follow a given political destiny, a given economical path. So, how was this problem solved in Canada, this problem of existing centrifugal forces on the one hand, and of centripetal needs on the other, if you will allow me the expression, which will allow a country to act in a united manner?

The traditional answer in this country has been that all the parties have sought to get representatives elected from all across Canada. Traditionally, the cabinet formed by the central government has tried to include representatives from all the regions. Traditionally, the members of the federal parliament have done their best to be acknowledged by their respective voters as their representatives, as first-class representatives not second rate. All the elected members have tried to see to it that the federal government would appear in each of their ridings as the "important government".

Those are so many traditional ways by which the central government has tried in the past to match those centrifugal forces. This has also been done through federal-provincial conferences, through those very numerous federal-provincial

institutions which enable the federal and the provincial governments to negotiate almost on diplomatic terms in order to work out compromises between the parties concerned so as to reach some kind of equilibrium. This was done by maintaining provincial autonomy on the one hand and federal autonomy on the other hand. They met in sectors in which both were involved and arrangements were sought. That is the history of Confederation.

● (1712)

There are other approaches. We see, for example, that the American and German constitutions have followed another direction. A new federalism, a different federalism in any case. In such a system of government for regions, provinces, lander and states in the case of the U.S.A., there is some kind of involvement in the central government and administration by the election in the United States of an equal number of senators for each state in Washington, while in the case of German lander, the regional governments appoint representatives to the Bundestag in Bonn. It is a different style of federalism where effectively the regions are somewhat represented in the central parliament or Congress. What are the results? Well, the central government has no longer much to negotiate with the provinces, the States or the Länder, for they are in a way part of the central administration. The federal government could also show its flexibility if the provinces wanted to be present in some way on Parliament Hill. We have already proposed changes to the Senate with this purpose in mind. We are still willing to do so. Our position, as I have often indicated, is that any changes are possible. Everything is possible, except of course in the matter of civil rights protection and for any solution which would tend to destroy Canada as a united and single entity.

Some hon. Members: Hear, hear!

Mr. Trudeau: Our position is that everything is possible in the constitutional field, and that we are willing to negotiate, provided that this does not result in weakening the fabric of our country and does not infringe upon the basic individual liberties.

Mr. Speaker, there is a cliché, a trite expression which is commonly used at this time, particularly in my province, namely the status quo. As the cliché goes, this government is bound to the status quo, is rigid and shall not move. The simplest proof that we are not bound to the status quo might be to look somewhat closely at the constitutional proposals we have made from 1968 to 1977. These proposals were aimed at changing the Constitution, in other words the status quo, to demonstrate that federalism has changed and can go on changing.

I shall be brief, Mr. Speaker. Because the proposals are numerous, I shall refer to the headings only. Even before the Victoria Conference we put forward significant changes concerning the Canadian Senate, spending power, provincial fiscal powers, social security and social services, financial institutions and capital markets, the administration of environment problems. In Victoria, we proposed a number of changes concerning political rights, language rights, section 94A, social security, and also equal opportunities, and notably the insertion in the Constitution of a provision concerning regional disparities and the offsetting of such disparities, the need for annual meetings on the amendment formula of the first ministers, federal and provincial, and the federal government proposal to get rid of the rights of denial and qualification.

I shall not read all of the new proposals that were made in March 1976, but there were two in particular which concerned the protection of the French language and culture within a new constitution. Again in January last, I included in a letter to the premiers a proposal to increase the number of senators from the various provinces, and proposals with respect to consultations prior to taking certain action.

I cannot list nor dwell on all those proposals, Mr. Speaker, but I believe that I have said enough to show that the myth of the status quo is truly a myth. There is not and there has not been any status quo. The Canadian constitution has incessantly been changed and made to adapt to reality and in the course of 8 or 9 years, we have suggested many changes to the so-called status quo. If anybody may be identified with the status quo, Mr. Speaker—and I say this with some regret—it may probably be the governments of Quebec, the present one in those that preceded it. We should remember that since Mackenzie King, the federal government has been looking for solutions for repatriating the constitution in Canada. Each time we have come close to finding one, that is a solution as suggested by a provincial government, such as the most recent ones, the Fulton-Favreau and the Victoria formulas. These were both developed at the request of Quebec government, and yet they were the ones who said no at the last moment, indicating that they prefered the status quo to the change that they themselves had suggested. We should therefore realize who represents the status quo in Canada, Mr. Speaker.

While I am on this subject, I would like to address myself to another cliché, that of the third option. Mr. Speaker, it has become somewhat fashionable to say: "I am not for the status quo, I am not for separatism, but there should be some compromise, a third option." I would simply like to warn my fellow-citizens not to fall into this trap, Mr. Speaker, because we never did invent this third option, the alternative to separatism and federalism—I am not saying status quo, but federalism. There is something called sovereignty association. I see that the Leader of the Opposition has something to say. Perhaps he could say it.

Now, Mr. Speaker, what is meant by this association? Are they trying to square the circle or what? How can it be defined? Obviously, the PQ party could not and will not define it; so that the burden of the proof, if we fall into the trap of the third option, will not rest with the PQ party which will not take the responsibility to define the third option between independence and federalism, or to define the association of sovereignty. It will be up to us, federalists, to come up with a definition.

And we all know very well, Mr. Speaker, that the PQ government will not accept any proposal for change. No proposal for a constitutional change will be accepted by a party whose goal it is to break the country.

● (1720)

So, Mr. Speaker, I submit respectfully to everybody, including members of my own party and of the Pepin-Robarts Commission, that this third option business is a trap we should not fall into. So much, Mr. Speaker, for the general problem of Quebec within Confederation.

I would now like to address myself to the specific problem of the specific needs of Quebec in the area of language and culture. Well, our policy in that area is as follows: there are in this respect two fundamental and inseparable dimensions. The French language and culture must be preserved in the province of Quebec, but it must also be preserved among the French-speaking minorities in the other provinces, in the same way as we suggest that the English-speaking majority in the other provinces must of course ensure the preservation of its own language and culture in the province of Quebec for the English-speaking minority. Why? For a very simple reason: if the problem of minorities is not resolved, we are once again caught in the trap of separatism, be it from Quebec or elsewhere. Why? Because if Quebec is going to be unilingual in French and the other provinces unilingual in English, if the minorities on both sides are not protected what is going to happen? We will have two solitudes, two nations, two political groups more or less homogenous each looking for powers and a status to protect their majority, unmindful of their minority. That is why these two dimensions are absolutely essential. If we choose those easy solutions as: Well, let Quebecers speak French and let people speak English in the other provinces, I say this is potential separatism, separatism in the short term, Mr. Speaker. And that is the reason for all our initiatives as a Liberal government with regard to the French fact in Quebec as well as in the other provinces.

We recognize and we are willing to recognize that particular case and, as I said earlier, we have proposed to do so in constitutional arrangements, by special guarantees. Especially in March 1976, I proposed to all provinces certain arrangements to guarantee in the Constitution that the French fact will be inalienable in Quebec by any government, any administration, any federal Parliament. That is why we said that certain provisions in Bill 22 and Bill 101, tended to recognize in the province of Quebec some values essential to the protection of the French language. We have condemned and we still condemn those bills because generally speaking, they are inspired by a restrictive sense of public liberties. However, we have recognized the validity of Quebec aspirations expressed by all provincial governments in Quebec over a long period of time, that the French language and culture should freely develop in that province.

That was our first attitude concerning the particular case of Quebec. As I just mentioned, the second is that we must absolutely protect the minority's rights, and that is why as soon as the historic agreement of St. Andrews, where the nine prime ministers of the English provinces agreed to help their French-speaking minorities, that is why at that time, I tried to find a way to permanently guarantee that agreement. But the Prime Minister of Quebec had himself proposed some agreements, some arrangements between the provincial governments. It was not bad for a start, and it was a way to obtain immediate arrangements which would guarantee the rights of French speaking people in the other provinces against a similar guarantee for the anglophones in Quebec, but the obvious flaw was that these arrangements were only temporary ones. This is the reason why, Mr. Speaker, I suggested that the government keep advocating and this is part of our policy, that the rights of minorities be written in our Constitution, so that they become definitely inalienable, and cannot be abolished through a whim or arbitrary decision by any government.

I have neither the time nor desire to dwell on the proposal in detail at this time but I would be very pleased to do so in a subsequent debate if, as I think, the Leader of the Opposition (Mr. Clark) does not see the merit of this constitutional proposal right now.

Now, our third approach to this particular problem is the Official Languages Act and the federal official languages policy which aim at placing French and English on an equal footing. I regret that in this area we have not reached an agreement yet with the Official Opposition and especially with its Leader. If I am not mistaken, in his speech about the national unity debate which took place on the 5th of July, he said more or less that bilingualism does not unite Canadians.

● (1722)

[*English*]

Bilingualism does not unite Canadians, it divides, but we must build unity despite differences and not on bilingualism.

[*Translation*]

These are sincere points of view which must be respected but which I cannot help denounce. On our side, we do not consider bilingualism, or the Official Languages Act or the policy of equality for the official languages as a necessary evil. On the contrary we consider it as a goal to achieve, as something positive that enhances Canada, as something our country cannot do without. History could have been different, but it was not.

This country was, in its origin and in its existence, actually founded on the reality of two linguistic communities. Reality could have been different if history had been different, if Jacques Cartier had landed somewhere else than Canada, but since this reality exists, we on this side of the House say that Canada cannot exist without this equality for both languages. Furthermore, we are made for bilingualism, if I can put it that way, Mr. Speaker. Not only is it not an evil that must be endured, but it is the very condition of our existence.

In early July, the Secretary of State made in Ottawa a speech that I noted, that dealt in detail with this problem. He gave an example which I often like to use: Since humanity has

been created with both sexes, then for us sex is not a necessary evil, it is something which is rather essential to reproduction.

• (1732)

Mr. Speaker, in some other system or humanity, virgin birth might be a possible and desirable thing but that is not the present reality. The fact is that mankind is made up of both sexes and it must not be regarded as a necessary evil. It is exactly the same thing for Canada. There are two linguistic communities. This is not a matter for division; on the contrary, Canada exists because they can and must get together. It is the government position.

An hon. Member: Oh, oh!

Mr. Trudeau: Either the translation or the mind of the hon. member is slow! I would not know. I would like to speak about the problem arising from the election of the Parti Québécois last November 15. I would like to add a few words on the strategy and tactics that we are preparing on this side of the House because I think it is important that Canadians in general and members of parliament in particular be made somewhat aware of the reason for some of our actions. It will be remembered, Mr. Speaker, that as early as November 24, I said on television that, in the final analysis, the solution had to come from the Quebec voters, that they are the ones who eventually will have to get rid of a government that wants to break up this country, the PQ government. I even said a week or two later in an interview on the English network that come referendum time, we had to clobber the PQ.

Well, that was our strategy, and it still is. What we need after all is to win that debate, win it at the polls, win it by convincing the people in Quebec that they will be happier, that they will be able to develop more fully culturally, economically and socially within Canada than outside Canada. That is the basis of all our actions. That is quite simply the reason why we refused to use our power of disallowance when urged to do so by English-Canadian groups, particularly from the province of Quebec, who asked us to disallow Bill 101. Others suggested that it be referred to the Supreme Court, as did the Leader of the Opposition. They took the position that the way to get rid of bad laws, of a bad government, was on the authority of either the Supreme Court of Canada or the government in Ottawa. I know that view is not shared by all members of the party of the Leader of the Opposition.

I believe the hon. member for Joliette (Mr. La Salle) expressed himself rather clearly in the month of September. One of the only two French Canadians in the party of the Leader of the Opposition is in disagreement with the Leader of the Opposition on that point. He said quite clearly before the press that he did not believe that referring the bill to the Supreme Court was the solution. Well, we agree on that. Why? Because I believe that the hon. member for Joliette (Mr. La Salle) understands, as we do on this side, that a case referred directly to the Supreme Court cannot give the desired results. If the Supreme Court decides that the act is *ultra vires,* well, of course, the Parti Québécois would be quite happy and that would take away from Quebecers the indignation they now feel against that law and their desire to have it changed through the democratic process. Should the Supreme Court decide that the act is *ultra vires,* of course, independentists of every ilk in the province of Quebec would certainly say: You see, once again it is a court made up of a majority of English Canadians who want to interfere with our educational system.

Mr. Speaker, from the beginning we had no hope of winning. At first, had we applied the solution proposed by the Leader of the Opposition, we would probably have given the Parti Québécois the pretext they need, the one they were always looking for to call an election and blame the federal government for the resulting confrontation. This was not understood only by the government and the hon. member for Joliette (Mr. La Salle), but I also saw it very clearly stated in an editorial which I find remarkable in the *Vancouver Sun,* in which a very forceful argument was made against referring Bill 101 to the Supreme Court. In a word, they say we should not try, as the opposition leader suggests, to solve this problem too hastily.

This problem must be settled before the courts of the province of Quebec. The Superior Court, the Appeal Court of the Province of Quebec must rule on these problems before appealing to the Supreme Court of Canada. It will give Quebecers time to think about the unacceptable aspects of Bill 101 instead of being distracted by a political manoeuvre, a defence manoeuvre against the federal government which is trying, through confrontation and interference, to overrule legislation approved by the Quebec majority and passed by a democratically elected government.

The people in Quebec, and particularly French Canadians in Quebec, must realize to what extent this Bill 101 is encroaching upon their rights. From a cultural point of view, it is obvious since this bill deprives them of a freedom of choice, the freedom to send their children to an English or a French school, according to what they think is best as parents. Even from an economic viewpoint, Quebecers must realize how harmful this legislation is.

I think it is perhaps too soon to give definite statistics on the economic situation of Quebec, but already there are some fairly conclusive indications that the November 15 election is turning into an economic handicap for Quebecers. I am thinking in particular of Montreal. Montreal is my hometown, and I can say a lot of good things about it, it is a great city. It is a city which, because at its location, its human resources and its financial resources has been a great city and can continue to be a great city because of its urban as well as industrial infrastructure.

But it must be said that the figures we have for the last year indicate that Montreal's economy is now stagnant. Why? Simply because the coming to power of the Péquiste government and such measures as Bill 101 rob Montreal from a part of its calling. Let us look first at these figures. If we compare the first ten months of the year 1977, from January 1 up to now, with the first ten months of the year 1976 until the

election of the Péquiste government, we see that unemployment increased by 10 per cent in Canada, by 20 per cent in Quebec et by 30 per cent in Montreal.

If we compare the third quarter of 1976 with the corresponding quarter of 1977, we find that the growth rate of unemployment in the province of Quebec, about 80 per cent, occurred in Montreal.

Clearly, Mr. Speaker, an act such as Bill 101, a mentality such as that of the Péquiste government cannot but be detrimental to the industrial development of the province of Quebec. Montreal is cut out to be a transshipment center, an industrial city, a service center, a financial, banking and management service center. So, when you start telling people who want to come to work in such a management, banking or corporate center, that their children will not be allowed to attend English schools, then it is clear that one of the main callings of that great city vanishes. Clearly, such a stand can only lead to economic stagnation. That is why I say that, in the case of Bill 101, it might not be a bad idea for Quebecers to have a chance to reflect on the qualities, on the harmful aspects of that measure.

One word only to complete the picture from the point of view of our strategy. So, we say: the Péquiste government is dividing the provincial electors; so it will have to go. What are the tools available to that government? Well, that government will have to hold provincial elections, as well as a referendum.

On this side of the House, we want the very same tools. Being able to meet the PQ on as favourable a federalist ground as they want a separatist ground. That is why I believe when the next federal elections are called, all parties in this House will campaign for national unity. In that regard, there will be no problem whatsoever. But we too, during this session, would like to have a legislation on referendum so that the federal government may also appeal to the people of Canada, and Quebec in particular.

Some hon. Members: Hear, hear!

Mr. Trudeau: I hope that in that field we will get the cooperation of opposition parties. Naturally, in due time, we will give them the specifics of the referendum. For the time being, we only want to advise Canadians that we do not want to be taken aback by this PQ instrument called the referendum. It is really a plebiscite, but the PQ are talking about a referendum. We also want a similar instrument. We want the federal government to be able to consult the Canadian people, the population of all provinces on a certain amount of problems affecting national unity. Those who claim that the problem of the independence of Quebec only concerns the people of Quebec are like the surgeon who would tell a patient who is going to have his arm amputated: well, I am going to amputate your arm without consulting you because once it is cut it will no longer be part of the body.

We also look at separatism in a similar manner. We believe that we cannot take such an essential part of Canada as the province of Quebec from Canada without the whole nation being concerned. Once again, this is the reason why we are going to put before the House a referendum proposal.

In brief, Mr. Speaker, you have before you a government which is not rigid, which does not seek confrontation, which says that everything is possible and which proposed in September to the provinces a constitutional arrangement which would meet the objective sought out by all the premiers at the historical conference in St. Andrews.

Now, in brief we are going to discuss whatever subject we wish on this side and on the other side of the House, whatever subject the provinces wish to discuss; as a matter of fact, only one subject is excluded, namely a proposal which would attempt to break up, to destroy Canada; we are not willing to sit down and discuss that.

• (1742)

[*English*]

I apologize to the House for the length of my remarks. It is often said that I do not speak enough in the House of Commons.

Mr. Broadbent: We won't say that again.

Mr. Trudeau: But I did want to make this point at some length—

An hon. Member: You did.

Mr. Trudeau: —because I feel it is important not only for opposition members but for the country to understand the basis upon which they would have to make some very fundamental choices in the economic area and in the area of national unity.

I confess I am somewhat mystified by the fact that in the past few years Canadians seem to have lost a sense of perspective about the country. They seem to look more often at what is wrong with the country than what is right with it. We have demonstrated an amazing capacity to close our eyes to the great things which exist in this country, to the human achievements, to the privileges which our freedom and wealth confer upon us. So many seem willing to see only the supposed injustices inflicted upon us, and forget to realize that in many countries what we describe as our problems would be regarded as unattainable luxuries by nine-tenths of the population.

I have attempted today to show that we will not close our eyes to the real problems we face. I attempted to do what Canadians did 110 years ago when they created confederation. They did not close their eyes to the inequities which existed in the country, to the tension which existed between the different colonies, the disadvantages which the various native peoples faced. They did not ignore potential future conflicts, but they did realize that by uniting themselves they could be strong and could resolve those conflicts.

The Fathers of Confederation could have decided, just as Canadians could decide today, to do nothing but to let these problems overwhelm them, to let inertia condemn them to continue their isolation and to miss the opportunities open to

them. But the Fathers of Confederation did not do that—and we must not. They chose to pool their resources. They chose to create a constitution and to invent a great country. To those who say that confederation is a failure, I reply that it brought about a stable democratic system of government, it protected cultural and regional identities, it opened the door to geographical expansion, it provided liberties and rights, brought about an effective system of social justice, led to economic growth, to the establishment of a strong financial system, and to a respected position among the nations of the world.

To those who call this a failure, I say I hope that we, in our time, in our efforts to renew our national spirit of community, can fail so well. But we shall not fail, Mr. Speaker. We can succeed, we must succeed, and we will.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, having heard their weekly sermon, the Liberal backbenchers are now preparing to leave, and we wish them well. Back in September, 1968, I returned to speak at a high school in Oshawa which I had attended some years earlier as a student. In the course of meeting with the students a fellow at the back of the assembly got up and said, "Mr. Broadbent, I understand that you studied at the London School of Economics. Is that right?" I said, "Yes, that is right." He went on, "I understand that a fellow named Trudeau, the new Prime Minister, also studied at that institution. Is that right?" I had to say, "Yes, he went there as well." Then this student turned to me and said, "How is it you came back a democratic socialist and he came back a Liberal?" I said, "Well, the Prime Minister always was a poor student."

An hon. Member: No wonder the backbenchers are leaving.

Mr. Broadbent: If the people of Canada with the most elementary education in economics could have listened to the first half of the diatribe we heard this afternoon, they would have agreed 100 per cent.

• (1752)

Some hon. Members: Oh, oh!

Mr. Broadbent: Just listen. We listened for an hour and a half; now it is your turn. For an hour and a half we listened to a sermon which contained only two new items. Firstly, the Prime Minister (Mr. Trudeau) scooped the Minister of Finance (Mr. Chrétien) by announcing the government is going to spend $100 million on some job creation program. He was so scared stiff that the rest of the hour and a half of his speech would put everyone to sleep that he had to mention that at the outset. He then trotted out all the old stuff. Some of it we will agree with, and I want to deal with the points he raised. For better or for worse, I have thrown my speech away and I will try and engage in some serious debate on the issues.

The Prime Minister continued for an hour and a half, and then near the end of his speech made another announcement. He said the government is going to bring forward a bill covering federal referendums. I happen to think that that is a good idea. That is something I was considering, and I seriously thank the Prime Minister for it. Why did the Prime Minister do that? He spent no length of time justifying the referendum at all. Nor did he elaborate on the $100 million which is going to be spent on job creation. He knew that the people sitting in the press gallery and those who may see some of this debate on television, hear about it on the radio or read reports, would have learned absolutely nothing new this afternoon, so he trotted out a couple of announcements.

I want to deal as seriously as I can with the economics argument, Mr. Speaker, and I hope that the Minister of Finance or some Liberal backbenchers will take up this argument tomorrow. What do we hear? First of all, let me say that the end of his speech was the sort of culmination of a series of insults. The Prime Minister had the audacity to say to the people of Canada that somehow they were at fault. At a time when, compared not with the poor countries of the world but with The Netherlands, Sweden, Norway, Denmark, West Germany, Japan, our economic performance has been deplorable, the Prime Minister had the nerve to say that Canadians are a bunch of bitchers. That is what the culmination of his speech amounted to.

Some hon. Members: Hear, hear!

Mr. Broadbent: One point is to be made about the unemployed, Mr. Speaker. I have just come back from Newfoundland, and I can tell the Prime Minister that the unemployment level in that province is the same as it was in 1932. Let me remind the Prime Minister of a little economic history: 1932 was the depth of our depression. I do not know whether the Prime Minister is going to go to Newfoundland and say to the people in the fishing communities or in St. John's, "You're a bunch of bitchers, fellows. The fact that there is no job for you is somehow your own fault". Perhaps he will tell those Newfoundlanders with a 30 per cent unemployment rate, "You're soft", as he said to Canadians in general. Or, "You're lazy; you are not out there trying hard enough".

The other day, in London, the Prime Minister said that Canadians simply did not want to work and that was the reason we had unemployment. He said that they were soft. I want to list some of the points he made today. He said that the problem with the Canadian economy and with the Canadian people is lack of productivity. He said that we were outpricing ourselves in world markets. He said that earnings in Canada are 7 per cent higher than they are in the United States, that they are more productive than we are.

A number of these generalities, Mr. Speaker, I am not going to contest. I am not going to say that a number of the statements the Prime Minister has made and which I have just quoted are wrong. He may be right. But I should like him to narrow down the sectors and to tell us which ones are not productive. That would be serious work. The impression that he tried to leave with us in the House today and with the people of Canada is that somehow his government, the Liberal party, has been non-existent in this country for the past ten

years. If ever I heard a banal political sermon, Mr. Speaker, it was this afternoon.

People like Helmut Schmidt in West Germany, or Olof Palme in Sweden, or even the President of France who is not a social democrat, or the Prime Minister of Japan who is not a social democrat, are people in very divergent economies who do not sit back and say that their people are at fault, that somehow they are not being as productive as they should, that they are being outpriced in world markets, and then convince themselves that they have made a brilliant argument.

I said to the Prime Minister that he was hurling banal platitudes when he was making his speech, and I repeat that now. There is no argument there. There is a mere assertion of claims, a mere rattling off of statistics. In all seriousness, I say that if we are now in this state in Canada, if we are in the kind of economic situation we are in—as indeed we are—there is only one group in this country which must bear prime responsibility, and that is the government over there.

Some hon. Members: Hear, hear!

Mr. Broadbent: In asking, Mr. Speaker, where they have been for ten years, I go back to last spring's budget. I do not go back ten years, but just a few months. Where is the economic competence? The Prime Minister sort of hurls at the official opposition and the NDP, "Who are you guys to really know what you are talking about?" The government produced a budget last spring which is a disgrace in the modern world. If the Prime Minister and his cabinet had any integrity, they would get up and say, "We were dead wrong; we made serious errors". Because they did. Every economic indicator, their forecasts of unemployment levels, their forecasts of the rate of inflation and their forecasts of job creation, were dead wrong in that budget. Their economic analysis was that the manufacturing sector was operating at 80 per cent capacity.

My party does not object to profits, but we do not accept the simple-minded argument of the Prime Minister. If you have a private sector, of course you accept profits. Again I urge him to talk to the social democratic prime ministers of Western Europe. Instead of producing a budget which recognized that we had only 80 per cent capacity being utilized in the manufacturing sector, and saying that the economic conclusion which you deduce from that is not to expand your capital facilities but to expand consumer demand, he did the opposite. He offered a $1.2 billion tax incentive to the corporate sector to overexpand.

Businessmen are not stupid, Mr. Speaker. If General Motors has already 20 per cent unused capacity, you can be damned sure they will not overexpand some more to have 40 per cent unused capacity. So we said then, and I repeat now, that that $1.2 billion tax concession to the corporations is objectionable to us, not because it was a tax concession to the corporate sector—anyone in his right mind in the modern world knows that you have to have a tax policy for corporations—but because it was the wrong policy at the wrong time. If it was wrong last spring when we were operating at 80 per cent capacity, it is equally wrong this fall when we are operating at only 83 per cent capacity.

From the throne speech yesterday we learned that the government is going to bring back again that piece of economic nonsense. A legitimate question posed rhetorically from time to time by the Prime Minister is, "What would you do, you wise guys over there who make all your criticisms?"

• (1802)

The economic issue bothers me, and I will get to that. In his argument today, the Prime Minister very deliberately contrasted the economy with national unity, which is his traditional fashion. On the one hand we have national unity which is a problem, and on the other hand there is the economy, according to the Prime Minister. They cannot be separated in that way. If I understood the hon. Leader of the Official Opposition (Mr. Clark), he was saying the same thing. One involves the other.

The Minister of State (Fitness and Amateur Sport), the hon. member for Skeena (Mrs. Campagnolo), said to me, when we were talking about unemployment last night, that in her riding in the province of British Columbia there is 30 per cent unemployment. I am not giving away any secret. In northern Ontario, 4,000 or 5,000 are laid off in Sudbury. In southern Ontario, from community to community—and I mean from Windsor in the west right through to Ste Thérèse, Quebec, in the east—some 20,000 additional jobs could be created for Canadians. Some 20,000 jobs could be created, and not on the basis of some airy-fairy, long range scheme but simply on the basis of this government doing its job. If it lives up to the requirements of the auto pact if it did not give over $300 million in write-offs to the automotive companies—which was done in the last few years—and if it did not fail to meet the job requirements, we might have 20,000 jobs.

You can move in every province in Canada, sector after sector, and find problems. I should like to say what we can do with some of them. The Prime Minister, in the Speech from the Throne, was so disturbing to me—and, I am sure, to hundreds of thousands of Canadians—because there was no indication that the government recognizes what is required in some sectors. For example, there is fishing in Atlantic Canada. Why do we not establish what the fishermen have been calling for down there—a national marketing board for fish? If it is good for our wheat farmers in the prairies, and if it has produced sales for our families in the prairies in the agricultural sector, surely a national marketing board is good in the fishing sector. The fishermen of the east coast want it. Why do they not get it?

Dealing with the textile industry, 60 per cent of the workers in Canada live and work in the province of Quebec, and it is in trouble. We say that what you should do in that sector is to put a freeze for at least three years on the level of imports as they were coming in in 1975. Three years would give us time to modernize the industry and do something about it to create long-range jobs.

With regard to shipbuiding there is an obvious solution to us. Sixty per cent of the ships being constructed in our shipbuilding industry today are sold in export markets. As the Minister of Industry, Trade and Commerce (Mr. Horner) kept saying about every other sector today, it is a soft market. We have calculated that the number of jobs currently threatened could well be maintained if the government, in its own departments, would make advance orders now and let the shipbuilding firms, the private sector firms, know what line of ships they need to enforce our 200-mile limit, on the one hand. On the other hand, it would produce new shipping and boats for our fishermen. If there were co-ordination between government departments, something could be done in terms of their own requirements.

The Prime Minister talked in general terms and came out with platitudes, without recognizing that what is required, and has been required, is a very different kind of economic policy from the government of Canada. Canadians are beginning to know that we are running into the problems we are now experiencing in this country because of a policy established back at the time of the Hon. C. D. Howe. The reason we are having problems is that every village and town across the land, in one sense, has had a false economy which was built merely on the exporting of raw materials.

Some hon. Members: Hear, hear!

Mr. Broadbent: It has been built on the exporting of raw materials, and they are running out. Raw materials are running out, and when the world demand goes down, we suffer the consequences.

What is required, in general terms, to deal with this situation? If the government of Canada will not listen to the New Democratic Party of Canada, then I plead with it to talk to the Japanese, the French, the West Germans and the Scandinavians in order to find out that in all those countries they have investment planning, which is hardly a revolutionary idea. All those countries have a major, national governmental input into economic decision-making, particularly at the investment control level.

For years our party has talked about national economic planning. If the government of the day does not want to steal this idea from us, let them go abroad and claim they are getting it from someone else. That kind of planning is essential if we are to get out of the serious mess we are in.

Some hon. Members: Hear, hear!

Mr. Broadbent: We require a real and solid commitment in terms of job creation. I do not pretend it can be done overnight. We have presented a short-run program of three or four points which would, if carried out over a period of 12 months, create between 250,000 and 300,000 jobs. To achieve unemployment at the 3 per cent level will take three or four years. That should be told honestly to the people of Canada. If we do not start now to do the kind of planning all industrial countries have done for the last 10 or 15 years, we will not get it in three or four years, nor will we get it in three or four decades with the kind of policies of the Liberal government.

Some hon. Members: Hear, hear!

Mr. Broadbent: On the very important question of national unity, the economic aspect of it, the need for national policies is essential in terms of overcoming regional inequalities and overcoming inequalities which exist between regions. That has worsened in the last ten years.

I should like to make a point about the constitution because there is a myth which is being increasingly accepted across our land. It is a very serious myth and it is being propagated by provincial premiers, by certain academics and certain politicians. The myth I am referring to is that we have to give our provinces more power in terms of economic activity, either by changing the constitution or by evolving further tax points.

I believe very strongly that any further movement in that direction will destroy this country, if we move any further in a world as competitive as ours. We have to deal with Japan, which has a national economic control system controlled out of Tokyo the like of which is unknown in almost any other country. We also have to deal with the indicative planning in France and a form of planning in Sweden, West Germany and all other industrial countries. Canadians are dreaming in technicolour if they think we can give our provinces more financial power and have more control taken away from Ottawa. We need national direction.

Some hon. Members: Hear, hear!

Mr. Broadbent: Canadians in our Atlantic provinces must keep that in mind. Even though Canadians in Saskatchewan and Manitoba may be wealthy now, they will see what can happen to regional economy after a year or two of bad crop failures. Then they will see the need for a strong, national economic policy and an effective government in Ottawa.

Another myth which is receiving some credibility is more power being given to the provinces. Ultimately, it will mean that Ontario, Quebec and British Columbia will do well, but no one else. The other approach which is proposed is to take Canada and its five economic regions and somehow develop a new constitutional framework in which those five regions would have new and increased powers. People who are saying that can understand that real worlds and real political communities are dreaming in technicolour. If we have a prairie economy, a British Columbia economy, an Ontario, Quebec and Atlantic provinces economy, then we are not going to receive co-operation because each of those sectors will set itself up in competition with the others.

• (1812)

The people of our prairies would say, quite legitimately, from time to time, "Let us import everything from Japan or the United States, in terms of industrial goods", and the people of our industrial provinces of Ontario and Quebec would say now, "Let us import our agricultural products from over the border, from the United States". The more you create

semi-autonomous economic regions, as seems to me to be the essence of what those people who are mindlessly calling for five economic blocs mean, the more you set the framework for tension in the country. That, too, is no solution.

Some hon. Members: Hear, hear!

Mr. Broadbent: The solution at the federal and constitutional level, in my view, is really very basic. There is almost no move which we can make in terms of devolving federal powers to the provinces, and we should stop the talk that somehow we will remake Canada by remaking the constitution. That is just nonsense. The federal government needs that economic power, particularly, I repeat, in the modern world where competition with other nations is becoming tougher, not easier, and we need national direction.

Some hon. Members: Hear, hear!

Mr. Broadbent: The devolution of power is not the answer; the devolution of administration is. I do not want to exaggerate the point—I have made it before. We can move forward considerably in our country by having national programs, whether in housing, medicare or hospitalization, and having the federal government raise the funds but turn them over to the provinces to administer. I see no problem in that. Let them set their own priorities, whether it is with regard to acute care hospitals or nursing homes. Let each province decide that, but let us maintain the national programs which are essential in getting a certain, high, common standard in Canadian nationhood from Prince Edward Island in the east to Victoria, British Columbia, in the west.

So we want no further decentralization in power, but some in administration. Above all, what I am saying—and this is central to my argument—is that in economic affairs we need economic leadership, a sense of national direction, a sense of national purpose emanating from here, emanating from the benches on the other side of the House.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, in the context of making the economic argument, I want to say something about the cultural reality as well because it is important in a country, whether it is our country or any other. There are two broad ways of looking at society. There is the way of the people who produce their goods and services, our farmers, our fishermen, our steelworkers and our autoworkers, that is, the economic aspect of life, and there is another aspect. You cannot radically separate it from the economic aspect, but you can do so analytically. I am referring to our cultural life.

I think that in Canada there are two vital cultures in existence. There are many subcultures, but there are two vital ones—the English and the French cultures. I want to say something this afternoon first about the English language culture because I am of the generation that does not turn to the United States, to England or to continental Europe for what I respond to in terms of the English language creativity. I do not have to read Saul Bellow. I like Saul Bellow, but I can turn to people such as Atwood, Mordecai Richler, Graeme Gibson for fiction and poetry. We are at a higher level of creativity now than in any other period in our history and at world standard levels.

I am speaking of my culture now, the one from which I come, the English language culture. In terms of music, an English Canadian can be proud. He can listen to Maureen Forrester or Glen Gould, musicians of world renown, and he can listen to Oskar Morawetz in terms of creative composition. The point I am making is that there have been a lot of positive things said about Francophone culture, and I agree with them, but in the last decade and a half there has been a sense of pride and accomplishment, in English Canada, in English Canadian creativity which is second to none in the English-speaking world, and I am proud of that.

Some hon. Members: Hear, hear!

Mr. Broadbent: Perhaps on a personal note—I do not make personal observations too often—I think there is something different about the mental framework, and I hesitate to make this point as well, but those under 45 or 40 years of age, as opposed to other Canadians perhaps—this I do not know—had, as I did when I was a student in the early 1960s, the opportunity to study abroad. I was in England and I had the choice to make whether to stay in England and study for an English Ph.D, or come back to my own country. There was no conflict for me; I saw no lowering of standards if I came back to Canada.

So I decided I would study where there was the best person in the world in my field, and the best person in my field happened to be at the University of Toronto, a man named Macpherson. So I studied in Toronto and did my Ph.D. there. The point I want to make is that there is a change going on in our land, in our generation. We no longer feel we have to go to Harvard or to LSE or to Oxford to get our degrees. In fact, we are now exporting our scholars. As the Prime Minister well knows, the fellow who is heading the political science department at Oxford now is a man named Charles Taylor, a very distinguished Canadian.

Some hon. Members: Hear, hear!

Mr. Broadbent: The point I am making is that there is great vitality in our land, there is a high level of creativity in the English Canadian culture, in the English language. In the cultural domain something exciting is going on in the province of Quebec. If great things are happening in English Canada, they are also happening in Quebec. We have heard a lot about that recently, but we have not always responded well. They do have their writers, they do have their poets, they do particularly have their song writers and their singers. There is a joie de vivre in that province that should make all of us proud as Canadians.

What I am asking is, what can we do, as the federal government, in the cultural domain in this national unity debate in which we are involved? I can state quite bluntly that there is little that I see we can do in terms of legislation. Most

of the areas of cultural control in the province of Quebec or in other provinces are within provincial jurisdiction. René Lévesque or any other premier in the province of Quebec has control over the educational system. They have the opportunity to use cable television, and we need to make certain amendments to our legislation to open up to all our provinces the exclusive control of 80 per cent of 90 per cent of the cable outlets. There is no reason why they should not have it. It is good for Quebec and it is good for all the other provinces, so long as we keep a few networks national.

The essential point I want to make in the national unity debate vis-à-vis the provinces, and particularly the province of Quebec, is twofold. First, we should not say to Quebeckers that they have to choose, that in their psychic make-up they have to be either Québécois of Canadian. I say that the attitude of the Prime Minister—and I respect it because I know it is honest—has been, in my understanding of his career in politics and his political writing, to say to Quebeckers, "You must choose. You must renounce your nationalism. You must renounce your sense of being a Québécois and be a Canadian, or the other way around".

An hon. Member: Oh, come on; that is not so.

Mr. Broadbent: The Liberals say no.

Mr. Prud'homme: Not the Liberals; the Prime Minister.

An hon. Member: Give us an example.

Mr. Broadbent: I am asked for an example. I will give the hon. member an example. It was not the former leader of the Conservatives or their present leader, nor was it my predecessor, who said of Quebec nationalism that it was a form of tribalism. It happens to have been the Prime Minister. There was no attitude on the part of the leadership on this side of the House of any of the parties that Quebec nationalism was unacceptable.

I repeat my argument and I welcome any challenging of the facts. The prime Minister was honest in his argument. He has always seen nationalism in Canada, as well as elsewhere, as being regressive, reactionary, as being an oppressive force, and he believes that with conviction. I say he is wrong. Nationalism need not be regressive; it can be creative. What we have needed in our country is not the repression of Quebec nationalism but a heightened sense of nationalism elsewhere, so that we can bring the two together to do something in our land.

● (1822)

The question of Quebec nationalism or cultural life is not primarily a constitutional matter; it is very much an attitudinal matter. Those of us in federal politics must open ourselves in a spirit of equality to our fellow Canadians in the province of Quebec and say to them that they need not choose between being Quebecois or Canadien. They can be both. We must understand that their historical, cultural and linguistic roots are very deeply embedded in their province, but there is no contradiction between living that cultural reality as a Quebecois and being a Canadien.

I do not know if we are going to win that battle, because if there is not cultural vitality going on in English Canada—no question about independence—there is, indeed, that going on in the minds of Quebeckers, and any one of us would be dishonest if we did not address ourselves to that question. If I understand my Quebec friends well—indeed, if I understand my wife, who shares that culture—there is an identity problem, and the Quebecker is going to be trying to sort out, in this period in history, whether it is sufficient to work it out within a federal framework and whether a Quebecois can really make it as a human being within the Canadian structure.

I do not know in advance the answer to that question, but I do know that all we at the federal level can do on that important issue is welcome that attitude in Canada which says that we want Quebeckers to feel part of our land and that we are going to do everything we can. That does, indeed, include minority language rights right across the country. I agree with the Prime Minister on that, but where I disagree with him and his analysis about the significance of that, is that for me, as I understand what is going on, establishing rights for Francophone minorities in other provinces is not what will ultimately persuade Quebeckers to stay within our union or to depart.

I plead for serious understanding of that point, if I am right. Those rights are important, but for Quebeckers what is really important is not the welfare of minorities outside the province of Quebec; what is important for Quebeckers in 1977 is to be convinced that their homeland, the province of Quebec, is a place which can continue to exist as a vital and creative Francophone community within the union.

That, to me, is the issue which has to be sorted out, fundamentally by Quebeckers, and if I understand the Leader of the Opposition (Mr. Clark) correctly, that is his argument too. He says that minority rights are important across the country, and certainly they are in the long run, but in dealing with the Quebecker as he or she is now, we have to persuade the Quebecker that it is within the province of Quebec, basically, that he or she can live as a Quebecois.

In the great debate which is going on with regard to the cultural domain there is not a lot we at the federal level can do except be persuasive and perhaps modify cable television legislation. We must win the hearts and minds of the people of Quebec on that issue. However, there is also something we can do in the economy. I have repeated that with considerable emphasis in the past year. I have not disregarded the cultural domain, by no means, but the cultural domain ties into the economy. I was in Trois-Rivières and in Sept Isles on a trip not long ago. Quebeckers there told me that they wanted jobs. They were concerned about textile policy and about shipbuilding policy. They said they would respond just as Canadians in Newfoundland, British Columbia or Sudbury, to a national government which wants to deal with the national economy.

So if we want to deal with national unity, it is not a matter of separating something called national unity from the economy. Both go together. What we need, particularly now in our

history, is a sense of national purpose. We need to recognize that what is going on in French Canada and in English Canada is very similar to what is going on in Western Europe. Ordinary people on both continents, in advanced industrialized societies, are saying that they want a greater say within economic enterprises. They want more liberty in terms of economic institutions and in terms of controlling their own destinies. They are saying they want a greater degree of equality in terms of the output of those economic institutions.

If this is happening in both Quebec and English Canada—and I think it is—we must remember why Quebeckers voted for the PQ. Overwhelmingly, studies show they were voting that way because they wanted practical reforms of this kind. English Canadians want the same kinds of reforms. So if the Prime Minister wants to show national leadership—because he is in a position to do it; he is the Prime Minister—he should bring to this country a sense of great national purpose, a revitalization of the expectations of English and French-speaking Canadians alike, and establish anew in this land the belief that jointly we can pursue the age-old goals of liberty and equality, at the same time remaining Francophone or Anglophone in our basic culture.

I now move an amendment to the motion which has been moved. It has some bearing on what I have just said. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

"and this House regrets in particular the announced intention of the government to reintroduce the $1.2 billion in tax concessions provided in the March budget to large corporate interests, it being the view of this House that at a time when manufacturing is operating at only 80 per cent capacity, what we need instead are tax cuts for middle and lower income earners and an increase in direct job creation programs as requested by the premiers of all the provinces of Canada.".

● (1832)

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, as is the custom, I would like to congratulate the mover and the seconder of the Address in Reply to the Speech from the Throne. During these two days, yesterday and today, we had the opportunity of seeing the political game at work. One day we listen to the Speech from the Throne and we hear one thing about one subject and, the day after, the right hon. Prime Minister (Mr. Trudeau) comes here to tell us the exact opposite of what was said yesterday in the speech. Today the Prime Minister started his remarks, in the short section he reserved to that issue, by saying that we did not need new economic theories, new economic stategies, whereas in the Speech from the Throne it was said, I quote:

High rates of unemployment and inflation are clear signals of the inadequacy of economic strategies appropriate to simpler times.

Therefore, we must change our methods. I was pleased to note that the throne speech gave us that new image, that new philosophy or at least the awareness that the economic systems of the 16th century should be altered to apply modern economic systems to our contemporary problems. Unfortunately, the Prime Minister turned right about today and said that we must not proceed too quickly, that we must have a national conscience. There is no problem. Well, the problems due to unemployment are ascribable to the unemployed.

Foreign countries and not this government are responsible for the problem of inflation. Imports and other countries such as the United States, France and others are responsible. We forget to improve the well-being of the Canadian people and the blame is put on external causes. The same thing is true about the debate on Canadian unity. No, this government once again is not responsible for the problems. It is not an economic issue, but the Parti Québécois is to blame. If there are some unemployed in Montreal, if Montreal is experiencing a financial crisis, the Canadian economy has nothing to do with that, it is due to the election of the Parti Québécois. It is as if we would say that New York is on the verge of bankruptcy on account of Negroes in the southern states. This emotive game is used to divert attention from the fundamental and central issue which is the economic problem and new solutions and theories to be applied to the economy. If Quebecers are not satisfied with Confederation and returns received from the federal government, it is not because the federal government spoke English or French but because economically they do not feel as if they were entitled to live honourably as others do throughout Canada.

When I travel in British Columbia or in the Maritimes and I meet someone who is poor and there are many in each province; in some they speak English, in the province of Quebec they speak French. Therefore, it is not a linguistic problem but an economic one. The problem is the following: some people cannot live in their homes the way they like. The right hon. Prime Minister (Mr. Trudeau) said: Oh, yes, things are going just fine. Everything has doubled since 1945. Production has doubled in Canada, doubled here and doubled there. But he forgets to say that the cost of living has doubled and even quadrupled since 1945.

They claim they are improving our situation! Indeed, modern technology and the inventive skill of man are there to create automation and make the burden of the workers easier, but thanks to an economic system the right hon. Prime Minister refuses absolutely to change, these workers are made to suffer, because the inventive skill of man has created something to help them.

While, in this day and age, technology can improve productivity both quantitatively and qualitatively, it penalizes workers by depriving them of their right to work and the power to buy the end product of the machine. Here they say they are improving the situation! The government knows how to play with words, but as evidenced in the Speech from the Throne, the government is striving to lay the blame on somebody else's doorstep, refusing to assume its responsibilities. One cannot help being impressed by a phrase such as this in the Speech from the Throne: On a national scale, unemployment now constitutes a very serious obstacle to economic growth.

Now if growth is not as expected or does not move fast enough unemployment is to be blamed. Unemployment is a

consequence of mismanagement and lack of economic growth, not the cause of the lack of economic growth. That problem is created to begin with. Reference is made to an era of leisure, but the new developments which could give people the purchasing power to buy the production of machinery are overlooked. There are now very few slaves, but still we hear that there is too much unemployment, and then, investments are made in automation that indirectly creates unemployment; and whereas we give them more leisures, whether they be called unemployed or otherwise, nobody wants to give them the purchasing power which could be used to buy all that is machine-produced.

That is precisely one of the basic problems. When the government says: Well, we cannot do anything else but borrow in order to finance our development. But as long as loans are made, the finance people are not unemployed. When has the government ever mentioned that? Never. The government is willing to go on, unbridled, borrowing money, unconcerned with the interest rates, with the country being in debt, borrowing more to finance our own development, borrowing money in the United States or somewhere else in the world, that we can afford to do. There is to be no restriction on that, and we can even go further. In the Speech from the Throne, it is said, that as of today, we have to help our private sector undertake abroad projects requiring large investments. What is going to be saved by that?

How will this solve the unemployment problem, the economic problems of Canada, of Quebec, or of the other provinces? Absolutely nothing. Our companies are now being encouraged to invest money elsewhere, like Noranda Mines is doing, to cease production in Northwestern Quebec, and after reaping profits in Northwestern Quebec, they want to spend or invest this money in Brazil to the tune of $325 millions. Indirectly, we are paying for this.

However, as soon as we try to change this system, we create inflation. Social Credit members have been telling the government for the past 35 years that the present economic system is creating inflation and unemployment at the same time. Day after day, prices are hiked and workers demand higher wages. If we grant them higher wages, prices will have to be raised and, finally, we put in a machine that can produce twice as much as 10 employees.

Those employees are laid off; they are out of work and therefore are no longer entitled to live.

Full employment was suggested at one time. This is precisely where we must make a choice. Do we want full employment or do we want a system that respects the individual? If the government wants to solve the problem of unemployment, there is an easy answer. Tomorrow morning, let us hire the unemployed and have them dig holes and move mountains, and if there are too many machines around, we can always give the workers a pick and a shovel and have them work manually, and if there are still too many unemployed, they can use teaspoons; this will give work to more people. But this is ridiculous.

If man had the intelligence to create a machine to replace him on the production line, our government should have the intelligence to find the way to distribute the production of this machine to meet the needs of Canadian consumers. This is a solution. But for this, we would need new theories or techniques which are not being applied at this time. Governments are more at ease imposing quotas and stopping production. At some point they told producers that their output was too high. There is one group of starving unemployed—I see that the Minister of Agriculture (Mr. Whelan) is here—who would very much like to have milk on their tables. They cannot because it is too expensive and they cannot afford it. And in the meantime our dairy farmers would be quite happy to produce what is needed to help them. But they cannot, because of the quota system. At the same time we go on importing from other countries. Last year we imported 46 million pounds of cheese, representing some 500 million pounds of milk. That milk was not produced here, it was produced in the countries whose cheese we imported, while we were telling our farmers they were producing too much milk. And we curtailed production. Such is the government's policy.

My colleague from Bellechasse (Mr. Lambert) referred today to another problem in that area. Instead of our farmers being paid subsidies, a conflict between various agencies is being fought on their backs because of the federal government. They are denied the possibility of expanding at home, of creating jobs at home. People are capable of creating jobs for themselves when they have an opportunity to do so. In a free enterprise situation they are capable of going a long way. But there is every tendency to belittle them, to deprive them of that potential through all sorts of regulations.

The Leader of the New Democratic Party (Mr. Broadbent) stated earlier that federal control should be increased. The tendency is to squeeze the lemon. Unfortunately, there are here in Canada a whole lot of lemons that are sick and tired of being squeezed. Now about import quotas. In Quebec as in the other provinces, the textile industry is going down the drain, the shoe industry is in the process of being stamped out, but this government has been allowing massive imports: fifty-four million pairs of shoes were imported into Canada last year. This means roughly two pairs of shoes and one pair of slippers per capita. In the meantime we are plagued with unemployment. In the shoe industry, more than 50 per cent of the people lost their jobs. In 1968 there were 208 shoe manufacturers in Canada. In 1977, 150. Then people say: We have so many problems. What will we do?

● (1845)

The Speech from the Throne tells absolutely nothing, apart from phraseology like: If we have unemployment, blame it on the unemployed; if our economy does not work well, it is because the unemployed are idle; if the unemployment rate is so high, that is the unemployed's fault, not that of the economy as such.

On the other hand, the government can reduce taxes for financiers. As I was saying a few minutes ago, the government

never had any qualms when it wanted to grant loans abroad in order to stimulate development in Canada. They never thought about imposing wage and price controls on that, no, no. When it comes to financiers, there are no controls, they are free to charge the interest rates they want. No discussion about that. Go ahead, boys, interest rates do not matter. They even go so far as telling financiers in the budget speech that they will give them some extra help, that they will get tax cutbacks. That is all right!

Those people get help; their taxes will be reduced. However, the poor little taxpayers, those who can hardly survive today, are not mentioned. It is dangerous to help them. They must be kept in extreme poverty because it is easier to control them. This is the position of the government.

What does the Speech from the Throne reveal on the whole? Absolutely nothing. Simply an attitude which has never changed. We could hope for a change in the economic position of the government until the speech of the right hon. Prime Minister (Mr. Trudeau). After his speech, we understand that he wants absolutely no changes. He even gave us statistical data to demonstrate that we were in the best of all countries, in the best of all worlds, without any problem. There were several snags but they do not depend on the government. No. They are never concerned. Everyone is concerned except the federal administration.

The dollar has even been assessed today. We have been told that it has reached its lowest level since 1930. But once again it is not the fault of the federal administration. No! It is the fact of the other countries. If we have failed to maintain adequate productivity, if we have failed to encourage entrepreneurship by taking measures to stimulate individual creativity, if we have failed to do all that, it is not the fault of our government. No, it is always the fault of other countries. So the dollar is devalued and then we are told that now we will be able to export more. But I ask what will we export? Our manufacturers and our manufacturing industries have been ruined by imports during the last years and again this year. And what shall we export then? Our natural resources like we did before? This does not solve the problem, not at all.

We hear about energy. We must save our energy! We are going to build a pipeline to carry our oil products from the north to the Americans, and also a little for us in eastern Canada. Fortunes will be spent at that. In the meantime, one after the other the ministers tell us, just like the Prime Minister in the Speech from the Throne: Canadians will have to learn to tighten their belts, otherwise they will be forced to do so. That is the attitude of the government. On the other hand, has anyone been bright enough—and this is not the first time I have told them—to go and find out about the patents or registrations of new inventions meant to conserve energy, to decrease consumption of various sources of energy?

For instance, I refer here to gas in automobiles, or fuel for heating homes. In 1973, I told Minister Macdonald, who was then with Natural Resources: Have you had the decency—instead of telling Canadians to lower their thermostats and close their doors in winter when the weather is cold so that too much energy is not wasted—have you had the decency to go and see at the patent office if there might not be new inventions that could be used to save energy? No! he had not had the decency to do so! He does not have any more today, even after having changed departments and all that. On the other hand, excuses are found. In a question on the order paper it was asked whether, since 1940, the patent office had received applications for registration of inventions meant to reduce the consumption of gas in automobiles or fuel for home heating systems? How many had been patented and rejected? Why? When? What savings were expected from those patents? The government, who is oh! so concerned about the economy, about reducing the consumption of energy, of pollution, replied: There have been 4,900 patents.

[Mr. Caouette (Témiscamingue).]

● (1852)

Second question: How many were accepted? How much was saved? It is estimated that it would cost about $10,000 and several man-days. It is absolutely ridiculous! We spend more than three million a day for oil products but we figure $10,000 is too much to try to find some ways to reduce gas consumption for automobiles.

In 1956, I drove a vehicle which could run 65 miles to the gallon as a mechanic had added some part to the carburator. He had obtained a patent. To protect the multinationals, at that time, they sent the RCMP to smash the "device" so that it would not be registered. That was dangerous! Today, nothing has changed. They do not look for a solution. They talk, they write down speeches from the Throne but when the time comes to solve the problem, they flatly refuse. And they try to blame Canadians. Tighten your belts, but you companies, keep wasting as ever!

Again in the Speech from the Throne, the federal government is saying that it will create a royalties' program for petroleum products. That would be better than the income tax scheme we have now. The only taxpayers who cannot hide their incomes are the wage earners. Maybe the hon. member for Saint-Denis (Mr. Prud'homme), but outside that... People who really have a high income or companies, let us not worry about them, they find a way to conceal their revenues. We would like the government to establish a royalties' program as Alberta did in 1935. In that way, the province of Alberta managed to straighten her economy cashing royalties on natural resources in Alberta.

On national unity, we heard all kinds of talks today, from every side, before it was finally conceded that this is an economic issue, which involves the rights of individuals—to a decent life—may I, as a Quebecer, as a Canadian, live in my province or in my country as a human being or should I starve in this country? The same question arises in different provinces, in Alberta as well as in Quebec. That is in the final analysis the issue of national unity. So what does the government have to do in this? It has to create a favourable economic attitude to the satisfaction of the people of a province or of the provinces or Canada as a whole. Then there will be no talk of separation and all that. When people are satisfied, see that

they have the right to live at home as they should, they will accept the economic basis that they will be given by the government.

I also read in the Speech from the Throne:

This discontent in such a wealthy country—

An hon. Member: Are you a federalist?

Mr. Caouette (Témiscamingue): Yes, I am a federalist but not of your kind.

When I hear the prime minister say that they do not want the status quo, I say the status quo is not in the suggestions he made, it is in his attitude toward the provinces—that is where the status quo is. A new constitution where the provinces will decide among them what they want to put in common and what they want to keep within their own jurisdictions, in the way the present Confederation was formed. The federal did not create four provinces; four provinces created the federal. Until we come back to that spirit of confederation the problem of national unity in Canada will never be resolved. Not with attitudes of confrontation as the prime minister showed this afternoon. Not at all! Through arrogance such as the liberal party is now using across this country, never! It will be through the respect of the entities that form this country and letting them decide among themselves how they want to discuss what they want to put in common and what they want to keep under their provincial jurisdictions. Once we have accepted that, this aspect of the national unity problem will be resolved.

It is strange that when the province of Quebec—and I do not want to defend Quebec in this regard—introduces a bill, Bill 101, which restricts education within the province and its jurisdictions, the Federal government should react in this way since in the past, it did not take such a stand against provinces like Alberta or British Columbia when they denied French speaking children access to school. Once more, they try to blame someone else for the lack of administrative leadership by the Federal government in the past eight years. It is not a matter of confrontation but of frank and honest discussion, not the kind that can be found in the Speech from the Throne. They say that status quo is maintained by the Prime Minister and the Liberal Party, whose attitude is to dictate, try to boss everyone instead of sitting and discussing with people, laying out some bases and saying we should discuss from these bases. This is where the problem lies.

And in the Speech from the Throne, it is still not clearly specified.

. . . the government will be proposing specific initiatives to be taken in collaboration with the provinces . . .

The government is not prepared to sit and discuss with the provinces. On the contrary, they are prepared to take specific steps and this is an example of the status quo which is referred to and of this government's present attitude.

So, on the whole, what is there in the Speech from the Throne? They have tried precisely to put the blame on everybody's shoulders and failed to assume responsibility for their mismanagement. This mismanagement is not hard to prove; ten or 15 years ago, when you told Canadians about inflation, that the present economic system was creating inflation, that when they bought a house at a 10 per cent interest, it would take 10 years to double its price, ten years ago perhaps the people did not understand that very well, but today, they realize that inflation is at their doorstep, that their dollar cannot buy them a dollar's worth of goods. As I said in a question to the Minister of Finance and in a speech: the Canadian dollar is not even worth 18 cents of production.

The then Minister of Finance, Mr. Turner, stood up suddenly and said: "No, it is 22 cents". But this is where he made a mistake: Whether 22 or 18 cents, the Canadian dollar does not have the value of a dollar of production. That is the problem. If you want to buy products, your dollar does not have the value of those products so you have to give two or three to buy one dollar's worth of products. What we recommend is that the government base the value of money, of credit and of the bulk of Canadian purchasing power on production. It will then solve the problem.

When finance ministers tell you openly that one dollar is worth 22 cents of production, there is no need to look very far to see where the problem lies. It keeps on growing as time goes by, since we leave the financial community increase its rate of interest and since all this fuels inflation. Twenty years ago, one could buy a house at 5 per cent interest. Today, it is 10 per cent. At 5 per cent interest it took 20 years to double the price; at 10 per cent it takes just 10 years and at 12½ per cent, as it is the case today, it takes eight years and even six years and a half in certain cases.

After that we are told that inflation does not come from somewhere else, that it is created in our country by the financial system, the economic system, and that we cannot do anything about it. From the outset they say we have to find new economic methods, but they hesitate when they have to sit down and discuss to try to put them in force. They do not want to go too far, they are afraid and they refuse to admit it.

Funny how things have changed everywhere. Cars are not what they were 20 years ago; there have been important changes in the production of food stuffs; everything has changed everywhere. Clothing has changed, construction has changed, techniques, aircraft, everything has changed. One thing that never ever changes is the economic system. You do not touch it. You must not touch it. It would be highly dangerous to touch it. We hoped, and here I conclude, that the Speech from the Throne would reveal a new attitude on the part of the government. Unfortunately, that attitude has vanished with the paper the speech was written on. It no longer has any worth. The government's intents were very well outlined by the Prime Minister this afternoon when he said that they want to make the guidelines, that they do not want to consult people. They still want confrontation and in the final analysis we see, as I have mentioned several times, that we still are confronted with Mr. Trudeau's and the Liberal party's status quo, that is arrogance in not being able to discuss honestly and honourably with a population. What they want is to back them up to the wall and then say: Well if you are

stuck, we are your saviours, listen to us, follow us, we will help you. So I think that Canadians have understood that attitude and I think that on the whole—

● (1902)

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member, but the time allotted to him has expired. Unless the House gives its unanimous consent to allow him to complete his remarks, I will declare that it is six o'clock. Is there unanimous consent to allow the hon. member to complete his remarks?

Some hon. Members: Agreed.

Mr. Caouette (Témiscamingue): In conclusion, I would like to say that Anglophones across the country understand—and I have felt it during my trips out west—they really understand that through discussions and not confrontation, it is possible to solve our problems. And I am pleased to repeat what our former leader, Réal Caouette, used to say across the country: I do not believe that by teaching French to an Anglophone he will become a Francophone. No. I do not believe that by teaching English to a Francophone, he will become an Anglophone. No, but, I think that by communicating together, by listening to one another or working together, it is possible to be and to become true Canadians; but again, we must have the decency to sit together, to discuss problems honestly and not through the use of the confrontation system. In meetings held throughout the country, the people readily agreed to discuss, to express some ideas and make concessions on different matters and issues. It remains for the Canadian people to sit down, as I said earlier, and discuss, analyze and work out a constitutional solution in a co-operative mood rather than in a spirit of confrontation as the government is doing at present.

Mr. Deputy Speaker: It being past six o'clock, this House stands adjourned until tomorrow morning at eleven o'clock, pursuant to Standing Order 2(1).

At 7.07 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, October 20, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

PROPOSED REFERENCE TO COMMITTEE OF CASE OF SANT P. SINGH—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): I move, under the provisions of Standing Order 43, a motion on a matter of urgent and pressing necessity, seconded by the hon. member for Hamilton West (Mr. Alexander):

That the government cease its persecution of the public servant, Sant P. Singh, an economist with the Department of Health and Welfare, for his political beliefs and abide by the decision of the adjudicator, J. D. O'Shea of the P.S.S.R.B. who ruled that Singh was improperly disciplined for his political activities, suffered financial loss because of the department's incompetence and that he be entitled to the pay raise which the adjudicator found ought to be paid to him and that this whole regrettable incident be referred to a parliamentary committee for an investigation.

Mr. Speaker: Standing Order 43 requires the unanimous consent of the House for presentation of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CONFLICT OF INTEREST

REQUEST FOR STATEMENT ON EXISTENCE OF ALLEGED ADVISORY GROUP—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I, too, rise on a matter of urgent and pressing necessity under Standing Order 43. My motion concerns the revelation that there exists within the government a conflict of interest advisory group. In light of the mystery which surrounds this group, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the President of the Privy Council make a statement on motions about this group and further deal decisively with certain apparently spurious reports that the conflict of interest advisory board consists of Senators Austin, Davey and Giguère and Messrs. Goldfarb and Coutts.

Mr. Speaker: Is there unanimous consent for such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRADE

REQUEST FOR STATEMENT ON QUESTIONABLE TRADING PRACTICES OF CERTAIN COUNTRIES—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the tremendous economic problems in the country which are undoubtedly being exacerbated by the dumping of certain types of stainless steel from Japan, West Germany and South Africa, as has been pointed out by the Department of National Revenue, and in view of the fact that the Minister of Industry, Trade and Commerce and his predecessor were asked some time ago for a status report on the importation of cheap railway axles which could undermine the position of the only Canadian manufacturer of these axles, namely, Hawker Siddeley of Trenton, Nova Scotia, and no reply has yet been received, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That the Minister of Industry, Trade and Commerce make a statement on motions outlining to the House the position and activities of countries which are using questionable trading practices vis-à-vis Canada, so that the House and the country may be apprised of the government's stand on this issue.

Mr. Speaker: The presentation of such a motion for debate pursuant to Standing Order 43 can be done only with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

SUGGESTED REFERENCE OF PROGRAM "THE TAR SANDS" TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity dealing with the serious implications of the manner of presentation of the subject matter of the CBC program "The Tar Sands", seconded by the hon. member for Vaudreuil (Mr. Herbert). I move:

That the subject matter of the CBC film "The Tar Sands" be referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

Mr. Speaker: The presentation of any such motion for debate pursuant to Standing Order 43 can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

PROPOSED MEETING WITH PROVINCIAL MINISTERS TO DISCUSS INDUSTRY PROBLEMS—MOTION UNDER S.O. 43

Mr. John Wise (Elgin): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering the depressed state of the agricultural industry—for example, declining grain and commodity prices in many cases falling below the cost of production—the ever increasing cost of farm inputs, further aggravated by serious and adverse weather conditions, and the complete lack of government leadership, generally and particularly in the agricultural industry as demonstrated in the throne speech the day before yesterday, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That the Minister of Agriculture immediately convene a meeting of the provincial ministers of agriculture to discuss all possible methods to alleviate these serious and pressing problems, such as a deferral of all payments of principal and interest on farm loans held by those producers experiencing harvest difficulties as a result of adverse weather conditions.

Mr. Speaker: Order, please. I made some remarks yesterday about the use of Standing Order 43 during the throne speech debate. I must say that this kind of motion seems to be asking us to set aside the throne speech debate in order to debate the throne speech. I think that is an improper use of Standing Order 43 under the circumstances.

Some hon. Members: Hear, hear!

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SOCIAL SECURITY

SUGGESTED EXTENSION OF PROGRAMS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Timiskaming (Mr. Peters), I move:

That this House welcomes the assurance of the Minister of National Health and Welfare that the Minister of Public Works was not expressing government policy when he called for a curtailment with respect to family allowances and old age security, and this House calls on the government to extend these and other social programs as a means of distributing more equally the wealth that is produced by this nation as a whole.

Mr. Speaker: The motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Schellenberger.]

ELECTIONS

SUGGESTION POLITICAL PROMISES IN CROWFOOT RIDING SHOULD HAVE CABINET APPROVAL—MOTION UNDER S.O. 43

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that political promises are being made in the province of Alberta to try to win one Liberal seat, namely, that of the Minister of Industry, Trade and Commerce, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That all future promises be backed by cabinet approval since the people of Crowfoot lost faith in individual Liberal promises years ago.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

ORAL QUESTION PERIOD

[*English*]

REFERENDUMS

TYPE AND SCOPE OF LEGISLATION PROPOSED

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Prime Minister who, perhaps to the surprise of his colleagues, referred in his speech in the House yesterday to a matter relating either to a referendum or to a plebiscite. There was some confusion in the language of the Prime Minister. He referred to a plebiscite, which allows an expression of opinion, and to a referendum, which has binding legal effect. I wonder if the Prime Minister can tell the House whether he is talking about a referendum or a plebiscite and what precisely he proposes? What is the general effect of the legislation he proposes to introduce to the House in that regard?

● (1112)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, what we have in mind is a referendum, and I think that what the province of Quebec has in mind is a plebiscite, accepting the distinction the Leader of the Opposition just made. We would introduce enabling legislation in this session if we could get the co-operation of opposition parties. I would want to make sure that it was brought in as a multipartisan bill. I would want to consult with the leaders of the opposition parties and, if possible, with the provincial premiers on this referendum legislation before it is actually brought before the House.

Mr. Clark: Since the Prime Minister is interested in consultation on this question, is it the intention of the government to have this legislation refer exclusively to one question, or does he propose enabling legislation which will apply to a wide range of questions including perhaps abortion, capital punish-

ment and, if we are to believe the words of the Minister of National Defence, perhaps even conscription? Is it to be a broad referendum proposal, or is it to apply particularly, specifically and narrowly to one question?

Mr. Trudeau: Mr. Speaker, the proposal of the government is to have enabling legislation, but on a very restricted basis.

Some hon. Members: Oh, oh!

Mr. Trudeau: Of course, if the opposition has different views, we would be prepared to consider them.

Mr. Fraser: We want to know what yours are.

Mr. Trudeau: You will know them, if you listen and listen intelligently.

Mr. Fraser: That means you have to speak intelligently.

Mr. Trudeau: The enabling legislation would not be intended to change in any sense our parliamentary system. I still think the responsibility for legislation and policies should rest in parliament. We live under a form of representative democracy, and we do not intend to change that. In this sense we would not want enabling legislation which would permit any government at any time to come forward with referendums to solve problems that the House of Commons or the government find too hot to handle. In this sense it would be a tool used perhaps only for a limited number of years to permit us to deal with constitutional questions and questions of national unity.

Mr. Clark: Since by his own words the Prime Minister is proposing to change the traditions of the parliamentary system and to change them in a way that the government of Quebec is not proposing to change them, is it the intention of the government to have this referendum apply simply to one question relating to unity, or are there other categories of questions which might relate to other broad matters which will also be included? In other words, will the legislation deal specifically and narrowly with one question, or will there be the possibility of moving into other areas?

I gather that what the Prime Minister was trying to do in his earlier answer was exclude questions like capital punishment, abortion or conscription, in which the Minister of National Defence is interested, but is the legislation to be drawn so narrowly that it will focus only on one question?

Mr. Trudeau: Mr. Speaker, I just answered that. I just said that the question or questions in a referendum would be on the matter of national unity or of constitutional problems, not on other matters such as those which the Leader of the Opposition mentioned.

Mr. Clark: That remains a fairly broad area, and we will have to look specifically at the legislation when it comes.

Was the announcement of the Prime Minister yesterday made on the basis of discussion within the cabinet of Canada, and did it reflect a decision taken by the cabinet?

Mr. Trudeau: Mr. Speaker, I do not know if this question is relevant.

Some hon. Members: Oh, oh!

Mr. Andre: You just answered it. Thank you.

DISCUSSION OF PROPOSED LEGISLATION WITH PROVINCIAL PREMIERS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is also to the Prime Minister. Given that this proposal has very important ramifications for our Canadian parliamentary system, has the Prime Minister had an opportunity as yet to discuss this matter with the other partners in confederation, namely, the provincial premiers? If not, what is his intention?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I answered this question in my first reply. I indicated that before giving this legislation first reading I would want to consult with the opposition leaders in the House and with the premiers. I have indicated that I will be visiting with all the premiers in the next month and a half and this is one of the subjects I want to raise with them.

* * *

● (1117)

FEDERAL-PROVINCIAL RELATIONS

POSSIBILITY OF FIRST MINISTERS' CONFERENCE IN 1977

Miss Flora MacDonald (Kingston and the Islands): A final supplementary question, Mr. Speaker. We know of the Prime Minister's interest in consultation with the provincial premiers which was spelled out at the Victoria conference in the proposal he put forward at that time when he said:

> A Conference composed of the Prime Minister of Canada and the First Ministers of the Provinces shall be called by the Prime Minister of Canada at least once a year . . .

Given that this is the first year since Victoria that there has been no meeting of first ministers and given that the premier of New Brunswick and the premier of Ontario have both in recent days asked the Prime Minister for a meeting of first ministers to discuss questions of national unity and questions of economic recovery, is it the intention of the Prime Minister to convene a meeting of first ministers in 1977 or has he indeed abandoned that proposal which he enunciated at Victoria?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. lady will recall that was a proposal we put forth at Victoria for a constitution which would be repatriated and which would have an amending formula. The hon. lady will recall also that this proposition was not acceptable to all provinces and therefore was not proceeded with. Therefore, in that sense there is no obligation to have these conferences, but in the sense that I always convene a conference when the

premiers of the provinces want to have one with me as first minister of the federal government, the intention is still there. I have just indicated that I will be visiting all the premiers in the next several weeks. I talked to them on Sunday about this possibility and they have agreed. Of course, in the course of my visits if it appears that we have to have a meeting before the end of this year, we will have one; if not, we will have one next year.

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INDUSTRY

CLOSING OF ALCAN PLANT IN ST. LAWRENCE, NEWFOUNDLAND—GOVERNMENT ACTION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. As the minister knows, the unemployment level in the province of Newfoundland has just recently reached the 1932 level, which was the depth of the great depression. As the minister also knows, the Alcan corporation which had profits of some $85 million in the first six months of this year, has decided to shut down an operation in St. Lawrence which employs 175 people. Since the announced date of the shut down is February of next year, does the minister intend to take any action to stop the company from laying off people, which they have done now in advance, and from selling off parts of the property in the community to other businesses?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the government is fully aware of the problem Alcan presents to the province of Newfoundland and to Canada. We are trying to get together with the company to see whether the whole Newfoundland operation can be sold or the ownership change hands so that it can stay in business.

Mr. Broadbent: A supplementary question, Mr. Speaker. Considering that in a speech made in the community in May of this year the Secretary of State for External Affairs promised that the government of Canada would bring all its moral pressure to bear on Alcan to stay in operation now, and since they have already begun to phase out, including layoffs, will the minister not take steps within the next 24 hours by getting on the telephone to the head of the corporation to say that the government of Canada recognizes the company made millions of dollars of profit in that community in recent years and so has an obligation to stop the shutdown immediately?

Mr. Horner: Mr. Speaker, I have written a letter to the hon. member concerning this whole problem and have sent a copy of the letter to the Secretary of State for External Affairs. We are doing everything we can to keep that plant in operation.

Mr. Broadbent: A final supplementary question, Mr. Speaker. I have a copy of the letter which arrived from the minister this morning. There is no assurance whatever in that letter that the government is going to take immediate action to stop the company from moving out holus-bolus before a committee that he said has been set up to look into the situation can even make a recommendation. In view of the seriousness of the situation which will demoralize a whole town dependent for income on the company, will the minister take immediate action with the company to stop the shutdown pending the report from that committee?

Mr. Horner: Mr. Speaker, feldspar is an essential ingredient in the manufacture of aluminum. As the government of Canada, we have many ways of persuasion and we are doing everything possible to have that company remain in business in Newfoundland or to sell out to a Canadian company that will keep the plant in operation.

* * *

• (1124)

[*Translation*]

REFERENDUMS

REQUEST FOR DETAILED STATEMENT ON POSSIBILITY OF LEGISLATION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Prime Minister. He indicated in his speech yesterday that legislation on a referendum could be passed. I would like to ask him whether the legislation would deal with the control of referendums or provide directions on referendums which could be held at other government levels or whether it would set forth a procedure to hold a referendum on the constitutional issue?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the answer to the first part of the question is no. We do not want to intervene in a legislation at the provincial level, but the federal government could hold a referendum on the matters which I have indicated in reply to the Leader of the Opposition, namely the fields related to the constitution or national unity.

* * *

[*English*]

FINANCE

POSSIBILITY OF NEW BUDGET

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As the stock market, which is a very accurate barometer of business and investor confidence, has fallen by more than 10 per cent since the introduction of the last budget, is it the intention of this government to introduce a new budget in the very near future to try at least to restore confidence to the point where it was before the last budget was introduced or if possible, improve it further, and in that way rejuvenate the economy and make jobs available for people who need them?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, the hon. member seems to think that Canadian budgets have very far reaching effects because the markets of

the world have fallen also since last April. The answer to his question is that the Minister of Finance will be speaking in this House tonight. If the hon. member can bring himself to be here, he will have the government's views on the economy and on what we propose to do at this time. There will be six more days left in the throne speech debate which will permit the opposition to indicate its views on the economy. I think this is ideal. We are telescoping the budget debate into the Throne Speech debate in order to save the House time.

Mr. Hees: A supplementary question, Mr. Speaker. Was the Prime Minister not listening when the Leader of the Opposition yesterday outlined some of the things he suggested would get the economy moving? I can assure the Prime Minister that I will be expressing my views tomorrow as to what should be done, if he would like to be here, and I can assure him that I will be here tonight and that "Big Brother" will be listening.

* * *

INCOME TAX ACT

ALLEGED CONTRAVENTION OF PRIVACY PROVISIONS—GOVERNMENT POSITION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of National Revenue and I want to wish him success in a very taxing portfolio. In view of the concerns of many Canadians that the privacy provisions of the Income Tax Act, section 241, are possibly being violated, with police having access to returns, and in view of the practice which has been revealed in the Laycraft commission of inquiry of police trading off wiretap information, which may be in violation of section 170 of the Criminal Code, what can the minister say today to reassure the House and the country that the traditional and statutory safeguards that Canadians have always relied upon with respect to the confidentiality of their income tax returns are being upheld and respected?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I can assure the hon. member that they are being upheld. In regard to the other wiretap information to which he is making reference, I can say in this particular case a big "no". In any case, everything is kept very confidential in the manner designed by the legislation.

● (1127)

Mr. MacKay: Perhaps the minister could elaborate on that answer, the big "no", when he answers this question. In view of the revelations that have come from the Laycraft inquiry in Alberta, and the skepticism that has greeted some of the evidence, particularly that of Mr. Schwartzak as to the veracity of what was said in the inquiry and elsewhere, will the minister assure the House unequivocally that he will be making a statement on motions outlining precisely the extent to which the Department of National Revenue shares its information with other agencies and departments?

Mr. Guay (St. Boniface): Mr. Speaker, though it was decided not to talk about the agreement, it was not a secret.

Some hon. Members: Oh, oh!

Mr. Guay (St. Boniface): It was discussed many times, with British Columbia in 1975 and with the Quebec revenue department in 1974-75. Further to that, the RCMP initiated the investigation to which the hon. member refers in 1974-75 into a suspected fraud which led to a suspicion of tax evasion. It had been the responsibility of my department to look into that. My department was quite properly asked to join in the investigation, which they did. Surely it is the department's job and the job of the RCMP, who certainly should not notify—

Some hon. Members: Oh, oh!

Mr. Guay (St. Boniface): Surely it is my department's job and the RCMP certainly should not notify my department of suspected tax evasion solely when they suspect major organized crime. In other words, my department acted properly in all instances.

Some hon. Members: Hear, hear!

ALLEGED CONTRAVENTION OF PRIVACY PROVISIONS—POSSIBILITY OF CHANGING AGREEMENT WITH MOUNTED POLICE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a supplementary question for the Minister of National Revenue on the same issue. Since he has become minister, has he had opportunity to check, particularly in view of this trade-off of information between the RCMP and his department, the procedures under which his department and its officials have operated pursuant to the agreement that he mentions? If he has had that chance, does he propose to change those procedures, particularly because of information revealed to the Laycraft Commission and the possible violation of those two extremely important sections of two important statutes?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, the answer to the first part is yes, and to the second part no. We will not change it. We will carry on as we have done successfully in the past, doing the job we were called upon to do, benefiting Canadians.

POSSIBILITY OF AMENDING PRIVACY PROVISIONS

Mr. Bill Jarvis (Perth-Wilmot): In view of the answer of the Minister of National Revenue, I will direct my question to the Solicitor General. I would like him to tell the House and Canadians whether it is his position or view or the intention of the government of which he is a member to introduce amendments to the Income Tax Act, particularly Section 241, or the Code, Section 178, or both. In other words, is it his view that amendments are desirable to give efficacy to the relationship that has existed pursuant to that agreement. Will the minister be more comfortable or will Canadians as a whole be better

served with enabling legislation because of this possible violation that has been revealed recently?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I do not know to which possible violation the hon. member is referring. The agreement was entered into between the RCMP and the Department of National Revenue. The whole matter was then etched. A legal opinion was sought from the law officers of the Crown. The law officers of the Crown advised us that the agreement entered into between the Department of National Revenue and the RCMP was a valid and legal agreement. As far as we are concerned, Mr. Speaker, it is extemely useful to promote the fight against organized crime in this country. I sometimes find it odd that, following a very general debate on the importance of fighting crime which took place in this House last year, the opposition members to a certain extent are attacking agreements which are proving extremely worthwhile in other jurisdictions, particularly the United States.

● (1132)

REASON FOR PUBLISHING AGREEMENT WITH MOUNTED POLICE

Hon. Marcel Lambert (Edmonton West): My supplementary is directed to the Minister of National Revenue. If, as he says, this agreement, dated April 2, 1972, was disclosed at hearings with regard to British Columbia in 1975, and again in Quebec, why is it felt that at this time the department had to publish what was hitherto claimed and proved to be a secret agreement between his department and the RCMP?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Far from being a secret agreement, it was never secret. The so-called secret agreement has been blown out of all proportion. This is a memorandum signed by the officials and is concerned with administrative arrangements. As to the question whether the department has given tax information to the RCMP, the answer, when the department wishes to use the RCMP in connection with the enforcement of the Income Tax Act, is, yes. Communication of such information for this purpose is allowed under the law and we acted accordingly.

REQUEST FOR DEFINITION OF "ORGANIZED CRIME FIGURES"

Hon. Marcel Lambert (Edmonton West): The press release dated September 29 of this year, and referred to by the Solicitor General yesterday in reply to a question stated: "The purpose of these investigations is concerned with the accumulation of unreported and illicit wealth amassed by organized crime figures". I would ask the minister for a definition of "organized crime figures". If there is not to be an unwarranted extension of this agreement and the appointment of RCMP as authorized persons in the case of any taxpayer in this country.

Hon. Joseph-Philippe Guay (Minister of National Revenue): I would like to give the hon. member an answer with regard to the definition he requested, and I would like to say that the definition in the department is in terms of any person or persons obtaining income from illegal activities. This is, naturally, a more narrow definition than I would expect the police to employ since their interest would go beyond the earning of income.

POSSIBILITY OF AGREEMENTS WITH AGENCIES OTHER THAN MOUNTED POLICE FOR EXCHANGE OF INFORMATION

Hon. Marcel Lambert (Edmonton West): Would the minister now tell us whether there are any other agreements between himself as minister, or any previous minister, or any administrative officials such as deputy ministers, with regard to the exchange of information obtained through income tax returns? I have in mind, for example, agreements with the Unemployment Insurance Commission or with the Minister of National Health and Welfare with regard to the use of social insurance numbers and cross-checking to determine whether there is any fraud involving unemployment insurance or for any other purpose.

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, after a good discussion with the officials of my department I should like to tell hon. members that all my officials acted properly and conscientiously, and that everything was done quite in order within the terms of the law.

An hon. Member: Answer the question!

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ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER ROYAL AMERICAN SHOWS LINKED WITH ORGANIZED CRIME

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is directed to the Solicitor General. Would the Solicitor General have any evidence that Royal American Shows are connected with organized crime?

Hon. Francis Fox (Solicitor General): Mr. Speaker, that is, of course, a matter to be looked at according to the facts. I know that following an investigation of Royal American Shows something like 105 charges were laid in connection with the operation. I should like also to refer hon. members to an act which they all voted upon before the end of the last session, Bill C-51, which happens to contain a definition of organized crime. I suggest hon. members should take a look at it.

Mr. Paproski: That is not what I asked.

● (1137)

[*Translation*]

AIRPORTS

INQUIRY WHEN ÎLES-DE-LA-MADELEINE WILL BE PROVIDED WITH FACILITIES

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, I would like to direct a question to the Minister of Transport.

Is he in a position to inform the House and particularly the impatient people of Îles-de-la-Madeleine whether he has received a report from his department's officials responsible for the study concerning the construction of an airport at Îles-de-la-Madeleine? In the affirmative, what are the findings of this report and when can we hope to see the achievement of this needed project which is long overdue and is essential to the economy of this region situated in my riding?

[*English*]

Hon. Otto E. Lang (Minister of Transport): I have received an interim report on the nature of the work being done and on the good meeting which was held in the area. However, I do not yet have a final report and recommendations. I will certainly keep pressing for them and I will make sure that the hon. member is informed as soon as they are available.

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SOCIAL SECURITY

REQUEST FOR ASSURANCE NO CURTAILMENT OF BENEFITS FROM PROGRAMS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? Is the Prime Minister in a position to confirm the statement made by the Minister of National Health and Welfare to the effect that the Minister of Public Works was not expressing government policy when he called for certain curtailments with respect to family allowances and old age security benefits?

Right Hon. P. E. Trudeau (Prime Minister): I have not seen such a statement by the Minister of Public Works. The Minister of National Health and Welfare does not seem to have seen it, either. I would want to see what that statement was before stating whether it represents government policy or not.

Mr. Knowles (Winnipeg North Centre): In view of the fact that most of us know what the Minister of Public Works said, may I ask the Prime Minister whether he can assure the people of this country that families with only one child will not have their family allowances discontinued and that other curtailments will not be placed on family allowances or on old age security benefits? In other words, does the government stand committed to the principles of these two pieces of legislation as enacted by parliament?

Mr. Trudeau: As enacted by parliament and presented by Liberal governments in the past.

Some hon. Members: Hear, hear!

Mr. Trudeau: It is certain that we stand committed to the principles of this legislation. We have in the past and we shall in the future continue to consider ways in which legislation in all areas can be improved, and if there is any way in which we can curtail expenditures and have a better system while abiding by the principles we shall, of course, consider it.

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INCOME TAX ACT

ALLEGED CONTRAVENTION OF SECRECY PROVISIONS—REQUEST FOR STATEMENT BY MINISTER

Mr. Arnold Malone (Battle River): My question is to the Minister of National Revenue. Does the minister agree that the secrecy of the agreement between the Department of National Revenue and the RCMP, kept as it was from the knowledge of the chief law enforcement officer of the Province of Alberta, would, in all logic, have precluded the attorney general of Alberta from making inquiries as to its existence?

Hon. Joseph-Philippe Guay (Minister of National Revenue): I can only repeat that my department acted legally and if there is any particular question which the hon. member wishes to raise I would refer him to the Department of Justice.

Mr. Malone: In view of the fact that the attorney general of Alberta does not subscribe to the position which has just been enunciated, will the minister be making a statement on motions outlining his own particular initiatives to improve the efficiency as to the very important department at the present time, causing the Canadian people so much apprehension in their modus operandi?

Mr. Guay (St. Boniface): Somebody was criticizing me a while ago for reading an answer, but I can see the hon. member cannot even ask his question properly even though he is reading it.

Some hon. Members: Oh!

* * *

INDUSTRY

CLOSING OF FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—GOVERNMENT ACTION

Mr. John Crosbie (St. John's West): A question for the Minister of Industry, Trade and Commerce, Mr. Speaker. The Prime Minister yesterday announced a job creation program involving $150 million but 400 jobs are to be lost at the fluorspar mine at St. Lawrence. Will the minister advise us why he and his predecessor had failed, up to several days ago, to answer letters of July and October 11 from the government

of Newfoundland asking the minister either to impose a tariff on fluorspar imported from Mexico, which is now cheaper than St. Lawrence fluorspar or to restrict imports of fluorspar in order to keep that mine operating? Were these letters answered and, if not, why were they not answered? Does he intend to accede to these requests?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I will look into the matter to determine whether or not we have got an answer away to the government of Newfoundland as requested. Both the options which have been mentioned are available to us and I can assure the hon. member they are being considered.

Mr. Crosbie: I would point out that people have already been laid off and that people are being laid off, now. Moreover, the miners in this industry have a terrible history due to radiation problems. When can the minister give us an answer? The first request came in July from the government of Newfoundland but the minister, or his predecessor, did not reply. How soon can an answer be expected?

Mr. Horner: Very soon.

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PUBLIC SERVICE

REQUEST THAT MINISTER INTERVENE IN CASE OF MR. SANT SINGH

Mr. Walter Baker (Grenville-Carleton): My question is directed to the Minister of National Health and Welfare. It involves a public servant by the name of Sant Singh employed in the hon. lady's department who was denied advancement in the public service because of his political beliefs—he happened to run as a candidate for my party in the riding of Pontiac.

Some hon. Members: Shame!

Mr. Baker (Grenville-Carleton): That is not my judgment. That is the judgment of the adjudicator for the Public Service Staff Relations Board. The government has now decided to appeal the finding of that adjudicator, Mr. O'Shea, to the Federal Court of Canada. Can the minister tell us how she can justify beginning her tenure of office as the head of the department by continuing this persecution of a public servant and why she does not personally intervene in this case, as the humanitarian she professes to be, one which has been brought before the Federal Court on improper grounds and is really a persecution of Mr. Sant Singh?

Hon. Monique Bégin (Minister of National Health and Welfare): My first comment is that if the assumption put forward by the hon. member were right, it would be obvious there had been enough political interference for me not to continue such interference. The assumption is wrong, as far as I know, and I do not intend to interfere in any way with the process established by regulations concerning the behaviour, classification and promotion of civil servants. The hon. member said it very clearly. A notice of appeal of the adjudicator's decision has been filed in the federal court, and it is absolutely not the time for a minister to interfere.

• (1142)

Mr. Baker (Grenville-Carleton): Mr. Speaker, what the minister is saying by her answer is that a deputy minister in the federal public service now has the unfettered right to destroy the career of a public servant.

Some hon. Members: Shame!

Mr. Baker (Grenville-Carleton): This can be done by actions which have been found by adjudication to be contrary to the spirit of the public service statutes, namely, the right of public servants to participate in political activity.

My question to the minister is: will she not reconsider the impropriety of her answer today and the position she is taking today? Will she not look to her constitutional duties and step into this persecution so found by the adjudication arm of the government? The minister is taking a dreadful position, and she ought to be ashamed of herself.

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TRADE

BEEF IMPORT QUOTAS—REQUEST FOR STATEMENT OF INTENTION

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In view of the uncertainty which exists with respect to the future of import quotas on beef coming into Canada, has the minister yet been able to give his personal attention to the question of the development of more precise and permanent import control laws along the lines suggested frequently by such organizations as the Saskatchewan Stockgrowers' Association and recently in a report published by the agricultural committee in the other place?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, yes, we are giving close attention to this problem. Before any announcement is made, we should like to discuss the whole question with the Americans, Australians and New Zealanders.

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INDUSTRY

COAL—OPENING OF NEW MINES IN CAPE BRETON

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I should like to direct my question to the Minister of Industry, Trade and Commerce. In a recent speech to the Canadian Conference on Coal in Alberta, the minister dealt at length with the sale and increased production of coal, among other matters pertaining to the industry, but regrettably, according to the press account of the Edmonton *Journal*, only

made pronouncements on the further development of the western coal fields. May I ask the minister if he is prepared to address himself to the subject of the eastern coal reserves, with particular reference to the opening of new coal mines on Cape Breton Island which would provide much needed employment?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I should like to send a copy of the speech I made at the coal conference to the hon. member. I dealt with the entire problem of coal development and exports. Certainly, I am aware of the problem with the deep mines in Nova Scotia and the strip mining, and I will encourage the development of both.

Mr. Muir: Mr. Speaker, since the minister has a rather strong voice in cabinet and as my former seat mate he is familiar with the problems we are confronted with on Cape Breton Island, would he assure the House that he will do his utmost to have the necessary funds allocated to the Cape Breton Development Corporation, thus enabling the corporation to open new coal mines which, as the minister said at the coal conference in Edmonton, would create additional employment and an additional source of energy for this country?

Mr. Horner: Mr. Speaker, my long association with the hon. member has made me very, very aware of the problems in Cape Breton. He can rest assured that his representation will be noted and remembered.

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FISHERIES

SWORDFISH—EFFORTS TO REGAIN UNITED STATES MARKET

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is for the Minister of Fisheries and the Environment. I am sorry he had to leave, but I will put it on the record and perhaps the minister would be prepared next week to give us a report on any progress being made to restore Nova Scotia swordfish to the American markets. I hope he is not asking for the support of the Minister of Industry, Trade and Commerce who could only be expected to stick the front end of the fish into somebody important.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, indeed I will take the representations made by the hon. member.

An hon. Member: About the fish?

Mr. Baker (Grenville-Carleton): Why do you not ask the fish?

An hon. Member: Stick it.

Mr. Anderson: I will bring it to the minister's attention. It has been the policy of this government to give due consideration to all fishermen, not only on the east coast, but also on the west coast of Canada.

Some hon. Members: Hear, hear!

TRANSPORT

DATE OF ESTABLISHMENT OF PRAIRIE RAIL AUTHORITY AND RATE PARITY FOR RAW AND PROCESSED PRODUCTS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the Minister of Transport. Having regard to the fact that the Speech from the Throne referred in a broad general way to the problems of transportation, could I ask the minister specifically if we can expect any government initiatives in acting upon two of the major recommendations of the Hall report, namely, the establishment of the Prairie Rail Authority and any move by the government to introduce the application of the parity principle on freight rates for processed and raw products?

I ask this question in reference to the fact that this particular issue has placed a very severe hardship upon the rapeseed crushing industry in western Canada. The application of freight rates is very important to the continued viability of that industry in western Canada.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, as the hon. member knows, the question of the creation of a Prairie Rail Authority is receiving very close attention within the government, and also we have asked the prairie rail action committee to give that item some priority in its own consideration. I will be having further discussions about the Prairie Rail Authority idea and the very many financial implications involved in it with various producer groups, as I have already begun to do.

In the meantime, we have provided $100 million of new money to ensure that the rail rehabilitation program does get under way without any delay. In that way the maximum fiscal improvement which can take place is presently taking place in the prairie rail branch system. On the question of equity, this is a matter of serious concern to us, as we have expressed over the years our belief in the need for greater equity in freight rates between processed and unprocessed products. There are very significant financial implications. We have been discussing this with the provinces in an attempt to reach some rational conclusion about what processing should take place, because the natural advantage in the prairie region does take place there. At the same time there has been special action like the subsidy supporting rapeseed crushers in the movement of oil and meal. Also there is the special subsidy to pay for the differential in stopoff charges between eastern and western Canada. We have tried to minimize the problems in the interim period. We do recognize it, however, only as an interim measure.

Mr. Mazankowski: Mr. Speaker, in spite of the fact that the minister has outlined certain initiatives which have been taken with respect to the further development of the rapeseed crushing industry, there is still much to be done with respect to the Prairie Rail Authority. Having regard to the fact that Judge Hall has indicated that the establishment of the Prairie Rail Authority is the key to the entire report of the Commission; and having regard to the fact that the provincial governments of western Canada have been less than satisfied with the

initiatives and the actions that have taken place to date in regard to the establishment of the Prairie Rail Authority, can I ask the minister if he intends to meet with the western ministers of transportation in the very near future to ensure that the progress is stepped up? Can he assure the House that this very important element of the Hall Commission will in fact be implemented?

Mr. Lang: Mr. Speaker, it should be borne in mind that the Hall Commission recommendation of the Prairie Rail Authority was an interim measure. That authority, according to his recommendation, was to disappear from existence by 1990. There are some among the producers organizations in the west who believe that a quicker and clearer resolution of the future of the rail lines involved is actually advantageous. I have been meeting with those producer groups and I must say that I have been receiving from them practically total support for the exact course of action we have been following. Whether I will meet with provincial ministers may depend upon the rather exciting exchange of correspondence which is going on, but it is significant that while the producer groups are saying essentially that we should proceed in the way we are doing, the only ones who think differently are not only the provincial ministers of transport but serious political opponents.

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● (1152)

INDUSTRY

NORTHERN TELECOM—REASON FOR LAY-OFFS IN VIEW OF PROMISE MADE

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. On September 30 I wrote to the minister asking for an investigation into the fact that Northern Telecom, a subsidiary of Bell Canada, will have laid off 1,000 workers by the end of the year despite a promise to the government that, in return for $140 million loan to Turkey by the Export Development Corporation to purchase telephone equipment, Northern Telecom would create 860 man years annually for the next five years. Can the minister explain why Northern Telecom is laying off workers instead of creating jobs with this government's assistance?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, may I take this question as notice. I am not up on the Northern Telecom matter.

Mr. Symes: I would like the minister, in his reply at a later date, to also answer the following: In view of the fact that the federal government over the past few years has given Northern Telecom over $1 million in duty remissions, $10 million in grants and $44 million in deferred taxes, why are there no guarantees demanded by the government that in return for this largesse the company be obliged to create jobs rather than lay off workers?

Mr. Horner: I will look into that, Mr. Speaker.

[Mr. Mazankowski.]

EXTERNAL AFFAIRS

NEGOTIATION OF NUCLEAR SAFEGUARDS AGREEMENT—REQUEST FOR REPORT

Mr. Maurice Foster (Algoma): Mr. Speaker, I should like to direct my question to the Secretary of State for External Affairs. In view of the importance to Canada of uranium mining in terms of jobs, exports and trade, can the minister say if he has been able to negotiate a nuclear safeguards agreement with the European Economic Community and Japan so that shipments of Canadian uranium which have been curtailed since the start of this year can be resumed?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, since I discussed this matter in the House prior to adjournment there has been a succession of meetings, the most recent having taken place last week. Progress is being made but so far we have not reached the point where we could resume shipments. I am hopeful that the parties concerned, the customer countries, will be agreeable to meeting the conditions which Canada requires and we are working towards that objective. I hope it can be resolved. I am aiming for some time before the end of the present year.

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FINANCE

SMALL BUSINESS, FARM AND FISHERIES LOANS—REASON FOR FAILURE OF BANKS TO PROVIDE FUNDS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Finance. During the last session of parliament this House passed amendments to the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act and we were told at that time by the minister's predecessor that discussions would be held with the banks so that loans could be made by the banks under these acts. I am advised that practically no banks are offering loans to their customers under these acts, and I wonder if any discussions were carried out and whether or not these loans would be made available very soon. This is especially important because of the economic conditions in the country today.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will look into the matter right away. I have not been informed that there is any problem there, but I will make sure that the law is applied and that the loans are made available by the banks.

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HOUSING

REASON FOR FAILURE TO PROTECT HOME BUYER

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is for the Minister of State for Urban Affairs. Because of the indecent haste of the former minister in that

portfolio to push AHOP programs, people such as those in the Bear Creek estates have been ripped off by fly-by-night contractors, as I have discussed with the minister on numerous occasions, and by the government directive that housing inspectors inspect only for the security of the money lenders, while the home buyer is left out in the cold. I would like to know why there was nothing about housing in the Speech from the Throne and why there is no protection for the home buyer.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, if all ministers had been allowed to include paragraphs on programs concerning their respective departments, Her Majesty would still be reading the Speech from the Throne. I do not mean that my department has no precise programs on housing to provide Canadians with the houses they need. The program referred to by the hon. member is precisely intended to help people acquire a house, that is low income people who receive important grants to buy their first house. I know the particulars referred to by the hon. member. We have discussed that question many times. We have asked our officials in the Central Mortgage and Housing Corporation, mostly those from British Columbia, to verify inspections more closely and correct possible deficiencies in that particular program referred to by the hon. member. This work has been done. We hope that past mistakes will not be repeated in the future.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. This is the first Thursday in the session and I suppose I should ask my first House business question. In the absence of the government House leader I want to recognize and congratulate the deputy government House leader who has assumed that responsibility with his new portfolio. If I may say so on this point of order, what has disturbed me and a number of us is that we have now followed the precedent that was begun last year of not having affixed to the Throne Speech a list of the legislation that the government intends to call, which indicates to me that the government may well not be prepared. The minister could drive that suspicion out of my mind if he could undertake to table later this day with our consent, or perhaps tomorrow, a list of the legislation which the government intends to call during the session. I say to him it is important because I believe it can facilitate the work of the session. Is such a list available and can he table it tomorrow?

Mr. Cafik: Mr. Speaker, first of all I deeply appreciate the kind words of my colleague opposite. I look forward to working closely with him and others in the House to expedite the business of the House.

With regard to the list of proposed legislation for consideration, I am not in a position to indicate that I can do that at this time. Quite clearly, next Thursday, which is a week from now, we will be in a much better position to do that, I think. I can assure the hon. member and all members of the House that indeed we are prepared with legislation for this session and I will make announcements at that time if the President of the Privy Council, the House leader, is not here. So I think that will have to satisfy the hon. member. In the meantime we will continue with the Throne Speech debate, uninterrupted until next Friday.

• (1202)

Mr. Baker (Grenville-Carleton): Mr. Speaker, I want to thank the minister for his undertaking that he will be producing a list of legislation next Thursday. With respect to this list, which I look forward to receiving, can the minister tell us whether some bills which appeared on the order paper of October 17, beyond the ones which were extended by order of the House, will be appearing on this new list of legislation? In other words, to what extent will the list he produces indicate the extent of the carry-over of legislation from the order paper of the last session?

Mr. Cafik: I should draw to the hon. member's attention that I did not indicate that I would be producing a list next Thursday.

Mr. Baker (Grenville-Carleton): I thought you did.

Mr. Cafik: What I did indicate is that by next Thursday we will have an opportunity to discuss this matter further in a co-operative way, I am sure, and hopefully all hon. members will be made aware of the plans of the government with respect to House business by that time.

* * *

Miss Bégin: Mr. Speaker, I would like to raise a question of privilege with respect to the political speech containing no direct question but addressed to me during the question period by the hon. member for Grenville-Carleton (Mr. Baker). With television now in the House, such a practice is misleading to the public. I very deeply resent the hon. member's accusations to the effect that as Minister of National Health and Welfare I am personally continuing the persecution of a civil servant in my department. The hon. member should know that the case of Dr. Sant Singh has to do with a promotion beyond the highest pay range in the ES group of employees and has nothing to do with his participation in any political activities which according to the facts were approved by the Public Service Commission.

I would like the hon. member to display more trust, respect and confidence in the judicial process of this country. Notice of appeal of the adjudicator's decision has been filed with the Federal Court of Canada. I do not intend to interfere with the judicial process. I would like to add that when I was a civil servant I understood that I was in the service of Canada. Now

that I am on this side of the barrier I will continue to do so in the name of the government.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am very glad—

Some hon. Members: Withdraw.

Mr. Baker (Grenville-Carleton): I intend to stand here all day or until the rabble over there stays quiet in order to answer what is a spurious question of privilege.

First, I did not accuse the minister of personally pursuing Sant Singh, a public servant who is in fact being persecuted by the attitude of the government of Canada. What I did say about the minister is that in what is happening to Dr. Sant Singh she is not pursuing him; in fact, she is neglecting him because of the persecution he has undergone. That is the first thing I want to make clear. The minister cannot pass this off either to the courts or to her deputy minister in this offhand way. She is the minister responsible here for the operation of her department, and she is responsible to the people of Canada and to her public servants. That was the reason we went through the whole matter of decentralizing authority within the public service of Canada. That is point number one.

The second thing is that I do not like that minister talking about my advocating interference with the judiciary. I do not like a minister of this government suddenly taking such a pious interest in the judiciary when the government stands against the judiciary in terms of refusing to allow it to review requests for information, which are to be denied under the government's freedom of information proposal. The government has no reason at all suddenly to become a defender. These are the facts, and I have to reply.

On the merits of this case, it was found by Mr. O'Shea, the public service adjudicator, that this public servant was not allowed to see his file, which is contrary to the law.

Some hon. Members: Shame!

Mr. Baker (Grenville-Carleton): The second thing that that adjudicator found, and I am referring to page 33 of the judgment, was that the circumstances of this case are not only suspicious but they also lead to the conclusion that matters other than the grievor's departmental performance were improperly considered. That is the other aspect of it.

Before Your Honour rules on this question of privilege I commend to you a reading of this judgment by Mr. O'Shea. The essence of this judgment is that this public servant was interfered with within the department, aided and abetted by a deputy minister, for his political involvement, this by a government which professes and takes credit of passing a statute which is supposed to permit public servants to engage in political activity. If anyone has a question of privilege in this House it is not the minister, it is I and the public service of this country.

Some hon. Members: Hear, hear!

[Miss Bégin.]

Mr. Speaker: Order, please. The minister has been extended what is a custom of the House. During the course of the question period remarks are occasionally made or matters are raised in such a manner as to give rise to possible questions of privilege. Therefore, it is the duty of the Chair to hear the participants in those discussions. The minister has been given the opportunity to point out to the Chair the remarks which were made by the hon. member for Grenville-Carleton (Mr. Baker) and which she found offensive. The hon. member for Grenville-Carleton has been given an opportunity to reply.

I did not permit an answer to the question because the question was argumentative. It was an argument and not a question. However, that is a procedural matter. It does not accord with my recollection that the remarks which were made did raise a question of privilege, and neither has anything raised in this discussion to this point raised a question of privilege. Therefore the matter should stop there.

* * *

Mr. Blais: Mr. Speaker, I rise on a point of order. On October 17 last in *Hansard* at page 8213 there appeared an answer to a question put by the hon. member for Vaudreuil (Mr. Herbert). The hon. member asked, and I quote:

In the past five years, how many public servants have been dismissed for waste, extravagance or misuse of public funds?

Unfortunately, the composite answer given by the Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) does not reflect the answer I provided to him. I wish to read the reply submitted by my department as follows:

In the past five years, 489 Post Office employees have been discharged for various types of misconduct. Records do not allow for a breakdown by "waste, extravagance or misuse of public funds".

* * *

Mr. Broadbent: Mr. Speaker, I rise on a question of privilege. It pertains to the decision of the Minister of Finance (Mr. Chrétien) to allocate, with magnificent generosity, about half an hour later today to members of the opposition parties to have access to the details of proposals he will be making in the House tonight. The news media are to be permitted access at least half an hour earlier. The question of privilege I raise is a very important one as it affects all hon. members of this House, particularly in view of the presence of television in the House of Commons.

What we have is the following situation: The Canadian Broadcasting Corporation has decided to televise the minister's speech. No one objects to that. The reason for that is that members of all parties have supported the access of television to the House of Commons to provide the people of Canada an opportunity to see what goes on here. There is a very serious concern, however, if we have a complex matter—really it is a substitute budget we are getting tonight, if we are to believe the publicity of the government—which affects the operation of the House of Commons. When we have had complex measures before, such as a budget, then the responsibility of the government has been adhered to by permitting opposition spokesmen access, not a half hour but two to three hours in advance, to such measures upon which they are supposed to

express a judgment within a minute or so after the minister finishes.

● (1212)

If the government expects co-operation not only in this matter but in other matters that affect the House of Commons, then I say most seriously to the Minister of Finance that he had better change that decision and change it fast. He is not going to have as an unqualified right the opportunity to manipulate the news media—because that is what is involved—and at the same time expect to get co-operation on this matter or other matters in the House of Commons from opposition parties.

Some hon. Members: Hear, hear!

Mr. Broadbent: The minister knows as well as any other member of parliament that this place just will not function unless he behaves in a civilized and decent manner and respects the rules of fair play for both sides of this House.

So I say to you on this question of privilege, Mr. Speaker, that the minister had better change that decision and change it fast or the normal working relationship between the parties in this House is going to break down and break down completely.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I will hear the minister's intervention in a moment. I will recognize the minister on a point of order as it reflects on proceedings later in the day. I think I should establish clearly, however, that what the hon. member for Oshawa-Whitby has raised may indeed touch upon co-operative arrangements for the better and more intelligent debate of events that will take place later in the day and throughout the debate on the Speech from the Throne. It relates to co-operation between parties, however, and there would be no requirement that the Chair could refer to or no obligation in any circumstances of consultation with other members in respect of any speech by the Minister of Finance during the debate on the Speech from the Throne. I could not, therefore, begin to classify it as a question of privilege. The point is made, however, and I am sure the minister would want to contribute to it by way of a point of order.

Mr. Chrétien: Mr. Speaker, I am surprised that the hon. member became so aroused. I talked with his House leader earlier who asked some very reasonable questions. I told him that I would allow critics of his party to come to my office. I wanted to be courteous enough to have the critics for the opposition in my office to discuss that beforehand.

Mr. Broadbent: Half an hour before.

Mr. Chrétien: I thought half an hour was enough. If it is felt they need more than half an hour, that is all right. Everyone knows me; my speech will be very short. It is not going to be an hour and a half speech; it is going to be 20 minutes. I would like it to be short, precise and to the point. I was led to believe that the critics of the Social Credit Party and of the Tories could understand it in half an hour but if the critics of the NDP need an hour, I can have them in my office an hour earlier.

Some hon. Members: Hear, hear!

Mr. Jones: Mr. Speaker, I think there is a question of privilege involving an independent member who does not belong to any of these so-called political parties. If a document is going to be presented to the leaders of the parties, I think there should be fair play to the independent member of parliament. There should be some equality. If there is a question of co-operation here, then I think there should be co-operation toward a person who does not belong to a party. I have a question of privilege, Mr. Speaker and I think Cabinet ministers should start to recognize this privilege.

Mr. Speaker: Order, please. Again, the hon. member raises a point that may have to do with co-operation but it does not have to do with the regulations precedents or practices of the House. There is nothing to which the Chair could refer to as a basis for deciding the hon. member's point would constitute a question of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

TABLING OF AGREEMENT BETWEEN FORCE AND NATIONAL REVENUE

Hon. Francis Fox (Solicitor General): Mr. Speaker, with the consent of the House, I would like to table copies in both official languages of a document entitled Memorandum of Understanding between the Department of National Revenue, Taxation and the Department of the Solicitor General of Canada, as I had promised in my answer to a question of the hon. member for Edmonton West (Mr. Lambert) during the oral question period yesterday.

* * *

[*English*]

TARIFF BOARD

TABLING OF REPORT ON PROCESSED FRUITS AND VEGETABLES

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I should like to table copies in both official languages of an interim report of the Tariff Board recommending certain changes in rates of duty on processed fruits and vegetables.

Mr. Speaker: Orders of the day.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed from Wednesday, October 19, consideration of the motion of Mr. Dennis Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session.

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, sometimes sitting here as a member of parliament can be a depressing and frustrating experience. Sometimes I get fed up hearing the complaints of the greedy minority and the demands of those who feel they are not getting their fair share. It is a broken record. I am tired of hearing about the excluded group from the Atlantic provinces, the unheard voice of the west, Quebec aspirations, native peoples' search, amendments to the Official Languages Act, equity of status of the Official Languages Act and policies for official language minorities. These are not the real, deep and genuine concerns of Canadians today.

It is time to start talking not only about these issues but also about the will of the majority of Canadians—Canadians who are fed up because the current government of Canada has over-spent, over-taxed, interfered, over-regulated our lives, debased our currency and all but bankrupted our nation. Perhaps they are angry also because industry is grinding along in bottom gear, with falling profits, which means that more men and women are unemployed in Canada today than at almost any other time in our history. Canadians are tired of being bought with their own tax dollars. Canadians today want only one handout—the government's hand out of their pockets.

What does taxation at a rate of 43 per cent of the gross national product really mean to Canadians? It means the average Canadian—and that is the Canadian you and I represent here today—earning $15,000 per year will pay $7,000 of it to the government in a multitude of hidden and not so hidden taxes. It means the average Canadian who starts work at nine o'clock in the morning will work until 1.30 in the afternoon each and every day of the year before he earns any money that he can call his own. It means the government has increased its spending by 377 per cent since this Prime Minister (Mr. Trudeau) took over the government of Canada.

During the same period wages increased by only 89 per cent. I ask you, my constituents and the people of Canada, during this tremendous increase of taxes by 377 per cent, have the services the government has provided improved by 377 per cent—300 per cent—200 per cent—100 per cent—zero, or have the services seemed to diminish? I leave that question to you but I know that in the minds of my constituents it is clear that the government of Canada has taxed and taxed and that services have decreased and decreased.

When the Prime Minister became leader of the government, the over-all expenditure, including servicing the debt, was $10.9 billion. By its own estimate the government intends to spend $41.1 billion of the taxpayers' money this year and it has already over-spent by many billions. The government's budgetary deficit for 1976-77 totals $6.3 billion, an absurd growth rate of more than 50 per cent from the previous year. This completely unwarranted deficit is almost as much as the government spent in total during its first year in office. The total direct debt of the government amounts to $12,500 for each of the 9.6 million persons employed in the economy or $5,217 for each of the 23 million people living in Canada. The cost of servicing this debt amounted to $7.9 billion during the past year alone and represents $822.92 per person employed or $343 per capita. I can assure you, Mr. Speaker, that the average Canadian with a family of four does not want to carry $20,000 of debt at a cost to his family of $1,372 a year in interest charges. Given the choice, any family man in Canada would not have incurred this debt on behalf of himself or saddled his unborn children and grandchildren with such a long term burden.

[Mr. Speaker.]

• (1222)

Instead of promises, this government should outline some new policies, policies which will restore our personal freedom, promote economic welfare and achieve a greater degree of social justice. The Prime Minister, when talking to a group of unemployed in London, Ontario, stated: "Our costs are too high and we are taking it too easy; Canadians have to get that message". He and his government should take his own advice. Continually the Prime Minister talks of the unrealistic expectations of Canadians. In his remarks yesterday the Prime Minister commented, as reported at page 40 of *Hansard:*

> I confess I am somewhat mystified by the fact that in the past few years Canadians seem to have lost a sense of perspective about the country.

In truth, it is not Canadians who have lost their perspective about their country; it is the Prime Minister who has lost his sense of the achievements of which this country is capable. The Prime Minister of this country will have to carry the burden of destroying Canada's vision of itself.

This year's favourite phrase in Canada seems to be that Canada is "an economic mess". Even the finance minister has said frankly that there will be another large gap between the number of jobs which open up in the country and the number of people entering the work force this year and in the near future.

What policies—not promises—have been brought forward to inject some life into the economy? The fledgling finance minister likes to say that our 90 cent dollar will stimulate the economy. To date that economic respite has not occurred. What the finance minister so blithely ignores is what the experience of Britain and other countries whose currencies have been depreciating has shown—that a falling exchange rate tends to start a self-perpetuating slide. A falling exchange rate speeds up the cost-push cycle and erodes whatever benefits are associated with the deflated dollar.

In British Columbia people I talk to are amazed and angered that the federal government cannot seem to perceive clearly the economic and social conditions of the nation's regions. They shake their heads in disgust when they hear of

the antics of Ottawa. They know that average Canadian incomes have increased 142 per cent since 1968 and they like that. However, at the same time consumer prices have gone up 85 per cent, and most shocking of all, consumer taxes have increased 239 per cent, almost double the increase in incomes. That money has supported the financial atrocities of CIDA, payoffs to middlemen who sell our nuclear reactors, keeping our public service the best paid in the world, the construction of office towers in Hull so that the ones in Ottawa can remain half empty, and the relocation of federal office buildings in Liberal ridings. Of course, I do not have to mention the disgrace of the division of Canada Works funding. In my constituency we are talking in terms of $100,000, a constituency with many times the population of that of the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo), which receives $4 million compared to $100,000.

Mr. McKinley: That is Liberal justice.

Mr. Wenman: That is typical. That is the just society which the Prime Minister has been talking about for so many years. That is the kind of giveaway, the kind of handout, we have seen. As I said earlier, the kind of handout that the people of Canada want is the government's hand out of their pockets.

Back in the 1960's the powers-that-be took hold of the belief that some kind of federal budgetary program or federal regulatory agency could be designed to deal with almost any problem that faced Canada. We had the Canada Pension Plan, the Canada Assistance Plan, the guaranteed income supplement, medicare, the unemployment insurance program which was made the world's most generous. Family allowances were tripled and then indexed; post-secondary education grants were quadrupled. Every aspect of Canadian life has now been infringed upon and infiltrated. A federal regulatory agency is sticking its nose into everybody's business in Canada, to the point where our individual freedom is being eroded.

Mr. Hargrave: "Big Brother".

Mr. Wenman: "Big Brother", that is the same one. Some functions of the agencies could be justified on economic grounds, but in large measure the notorious "Big Brother" principle still supports their existence. The policies of successive Liberal governments have led to a general malaise which everyone in this country perceives. Everyone knows there is something wrong; everyone has that feeling.

The Prime Minister said yesterday, as reported at page 35 of *Hansard*:

> This discontent in such a wealthy country must find its causes in the human spirit, and it is there also that the unity of the nation must be found.

Flowery words, good words, true words. I say to you, Mr. Speaker, that the Prime Minister has once again enunciated the problem and even the solution; but the solution will continue to evade him and he will never be able to accomplish or move the nation closer to this type of unity until he is able to remove the discontent from his own human spirit. The nation senses that his human spirit has yet to find the unity that flows from inner peace. The human spirit of our Prime Minister is in a turmoil that is reflective of the world around him. He is weak. Unfortunately, he knows not where he leads himself, and is therefore not fit to lead this nation at this time in his life. What a classic tragedy for the man. What a classic tragedy for this nation of Canada. Anger, bitterness, hatred, greed, idleness, fear, distrust, dishonesty—these are the elements of discontent. Love, joy, peace, compassion, wisdom, kindness, goodness, faith and hope, giving, sharing, working, laughing, loving—these are the replacement values so lacking in the human spirit not only of our Prime Minister and our nation but in fact of the world. The ebb tide has swept our Prime Minister far out into the sea and the nation waits in turmoil and confusion looking to the flow of a new tide. The Leader of the Opposition (Mr. Clark) speaks of a new vision, of a place to build and to grow. He has yet to be tested with the exercise and weight of power, but Canadians are beginning to sense in him a new growth and strength of human spirit.

The Prime Minister was right. It is in this depth of human spirit that the unity of this nation must and will be found. Canadians are beginning to focus upon a new era. Canadians across the country are angry and frustrated, and that anger and frustration are beginning to recognize the urgency, the necessity, of changing the government of Canada, a change that will see a redefining, a classification, a grasping and a reaching for new and renewed values. Through these values a new trust of confidence can establish a new pattern of growth and building that will once again rekindle the spirit of Canada.

In his remarks yesterday the Prime Minister said that the federal government will introduce its own legislation to permit and control national referendums. Obviously, he is planning, as he said today, to hold his own national unity referendum. In February of this year I placed a motion on the order paper. It declared:

> That in the opinion of this House, the government should consider the advisability of holding a national referendum on the issue of separatism in order that Canadians may be given the opportunity to reaffirm their faith in national unity.

If the Prime Minister had taken some action on my motion in February, much of the uncertainty which pervades the country today and the resulting hardship stimulated by the PQ victory would never have had a chance to build up to the level it has. It is a hallmark of this administration that it continually acts too little and too late. Because the Speech from the Throne was empty of mention of Canada's role of international affairs, I would like to turn to one of the most important issues facing the world today.

● (1232)

The situation in the Middle East is so difficult, so complex and so volatile, that it has erupted in serious wars twice within the decade, and a lasting solution continues to elude the whole world of diplomacy.

It is not within our ability to settle their war and the actual conditions and details of a peace settlement between Israel and the Arab states must be left in the hands of the parties themselves. At the same time, we must recognize ourselves to be part of the global family which suffers so long as there are

hostilities anywhere on this planet. The cause of peace is not only a responsibility of the federal government, it is a privilege.

The Progressive Conservative Party of Canada recognizes the state of Israel without qualification or reservation and regards its continued existence as right and beyond any question. As one of the few remaining democracies in the world, Israel deserves recognition and support from all those states mutually committed to this basic common ideal. A just settlement must recognize Israel's legitimate concern for security and support Israel's determination to have defensible borders.

Further, demilitarized lines or zones supervised by credible neutral forces such as the United Nations peacekeeping force may have to be established. Such lines or zones may or may not initially conform to legal, permanent and recognized boundaries but might rather reflect the geographic-political realities of the area. While in the future the appearance of ground-to-ground missiles, supersonic fighter-bombers and other sophisticated instruments of modern warfare may in part cancel out the emphasis of strategic depth and topographical barriers, overall security will best be assured through bilateral and multilateral non-aggression pacts backed and guaranteed by the super-powers. Current military capacity and strategy, however, attaches considerable importance to limited territorial concessions.

On the other hand, we must also recognize the existence of the Palestinians and support the continuing desire of the Palestinians to develop the kind of social, political and economic status usually found within the security of a full or associate state status. Such sovereign or associate-state status would establish the apparatus of statehood which would, in turn, see the despair of the Palestinian people diminish and their creativity and responsibility increase. The legitimate grievances and aspirations of the Palestinians must be determined, recognized and resolved.

In actively promoting peace, there are three principles from which Canada must not depart. First, while we can understand the frustrations which have led people to resort to violence and terrorism; we cannot condone it. Such activities—whether in the form of terrorism, sabotage, or open aggression—are unacceptable from any source. Second, equally, we decry any exploitation of people or prejudice directed against any racial or ethnic group; the manipulation by some countries of the United Nations, and the threats which accompany the Arab boycott must all be resisted. Third, we must continue to insist that the Palestinians and the Arab states recognize Israel's right to exist, and at the same time we must continue to express concern regarding Israel's establishment of permanent or semi-permanent settlements in occupied territory.

Almost all the prime movers in the Middle East have expressed the hope that 1977 will see real progress toward peace, and, more specifically, that the Geneva conference will reconvene later this year. Visiting MP's of the Progressive Conservative special committee on the Middle East returned with strong feelings of optimism that 1977 can be an important year, yielding considerable progress toward a settlement in the Middle East.

[Mr. Wenman.]

In every country except Iraq, there was a climate of hopefulness that a course of action leading toward a peaceful settlement, if it is ever to be found, would be best initiated and activated in 1977. Even rejectionist front Iraq, while continuing to support the PLO and stockpile arms, seems to be pursuing a wait and see role by not speaking against peace initiatives by other member states of the Arab league.

The economic burden of maintaining massive modern military machines is weighing heavily on both the Arab states and Israel as a tragic waste of both human and financial resources. While massive arms purchases from both the western world and U.S.S.R. may serve the function of recycling oil dollars and balancing trade deficits, surely the transfer of technology and improved physical and social conditions could provide a more productive and positive vehicle to accomplish the same objective. Tremendous economic opportunities in the field of technological capacity transfer exist in the Middle East for Canadian enterprise and these have scarcely been touched. There are massive capital surpluses accumulating in the Middle East and substantial production facility slowdowns and unemployment in Canada. In view of the current economic situation in Canada, why hasn't our government been more aggressive and successful in bringing the two together?

Beyond diplomatic rhetoric and political grandstanding in traditional world forums and conferences, calm and rational threads of compromise are beginning to come to light. Cautious statements of potential compromise, even when viewed cynically because of their multivested motivations, seem worthy of further investigation and support as the seeds of a preliminary settlement of the Arab-Israel conflict.

Recognizing the interests of all men in the cause of peace, Canada should remain open to the possibility of being a conduit for peace, ready and willing to offer any assistance to bring about a settlement. Canada should therefore be willing to maintain or, if requested, expand its highly respected and competent peace-keeping role in the Middle East.

Although not unanimous, the spirit of Resolutions 242 and 338 of the United Nations have received broad general acceptance and should, therefore, in their original form be the basis of the framework upon which to build a lasting and just settlement in the Middle East. 1977 has become a time most appropriate and conducive for the reconvening of the Geneva convention. Canada should therefore pursue this objective with an aggressive thrust in all international forums, through all diplomatic channels and by all means bilaterally and multilaterally available to the Prime Minister and the Secretary of State for External Affairs (Mr. Jamieson) and more important through the vehicle of parliamentary committee and parliament itself.

Since Palestinians must be heard and seen to participate in discussions affecting their future, we must call for mutual recognition. The PLO must recognize Israel's permanent right to exist and Israel must recognize that the Palestinians have a right to political self-expression and some form of territorial sovereignty.

In order to maintain stability during a period of transition, the Arab states should accept that a temporary and credible United Nations presence or demilitarized zone, or both, may have to be established. In order to assure mutual non-belligerency, the superpowers should guarantee through bilateral and multilateral agreement the mutual security of recognized national sovereign borders. The developed world should be prepared to provide substantial international assistance and guarantees that will assure economic stability in the region.

In the face of the vast economic power of the Arab bloc, Canada, while expanding its long-neglected relations with the Arab countries, must reaffirm that it will never sacrifice principle or its sense of humanity to financial expediency. Goodwill and closer cultural, commercial and diplomatic ties with the Arabs do not, nor should not, presume any diminution of our friendship and support of Israel. A political and administrative vehicle must be found which will assure freedom of worship and freedom of movement for three of the world's great religions in Jerusalem.

● (1242)

In view of Canada's important role on the Security Council during this important and significant time, Canada's permanent representative should have prompt and regular access to the Secretary of State for External Affairs. Therefore, a minister or associate minister should be appointed who could give efficient political leadership and guidance for which he would be answerable to the cabinet and to the House of Commons directly.

An amendment to the Bank Act to prohibit any Canadian company, person or bank from supplying information for commercial purposes indicating the racial or ethnic origin, the religion or political affiliation of a Canadian citizen should be presented to the House of Commons.

As long as the Middle East crisis remains unresolved the world continues to confront a powder keg with a fuse of unknown length. Unless international leadership captures, and acts upon, the current positive mood and opportunity for peace it will certainly pass and the cynicism of the rejectionist front position will begin to re-establish its credibility.

The Iraq government's position—that of the leader of the rejectionist front—is that a settlement in the Middle East cannot be found through peaceful negotiation, but rather through force and a final confrontation which will see the re-establishment of a democratic Palestine and the demise of the United Nations created State of Israel.

The world, let alone the Middle East, cannot allow this confrontation that could escalate to Armageddon. The Canadian government's weak initiative in this area is at the best inadequate and inappropriately non-aggressive. For us, as an opposition, to fail to urge our government to positive action in the resolution of the problems of the Middle East would show us not only as derelict in our duty to the Canadian people, but as derelict in our obligations as citizens of the world.

A reconvened Geneva Conference could have positive results if all sides approach the table with a spirit of goodwill and a capacity to compromise in a way that stresses co-operation rather than confrontation and mutual respect for each other's pride in their deep-rooted cultural identities.

We are all peace-makers. We all want peace and I hope we shall dedicate ourselves today to a concern with the issue of the Middle East in the name of all mankind.

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I should like to divide my remarks in this debate into three categories. I should like to speak initially on questions relating to the state of the Canadian economy. I then propose to address a few remarks to the subject of the gap which so obviously exists at the present time in the area of what we might refer to as national understanding across our great country. I should like also to address a few closing remarks to the existing and greatly increasing energy crisis which is now facing Canada.

Let me deal, first of all, with the state of the economy. I was not in the House yesterday when the Leader of the Opposition (Mr. Clark) spoke in this debate. I missed his contribution and accordingly I searched today through the record of *Hansard* to see whether I could find any really cogent remarks he might have made on the subject, particularly for any carefully-reasoned recommendations which he might have put forward. Such recommendations were largely absent and I found this somewhat surprising, because although he did indicate that other speakers on his side of the House would deal with other aspects of the Speech from the Throne, it seemed to me that in view of some of his public utterances around the country we might have expected him to take the earliest opportunity to direct his remarks in the House to those recommendations which he and others in his party have been working on to cure the ills which they discerned in our national economic affairs.

We note that the distinguished member for Rocky Mountain criticized the government for its deficits, indicating that these seemed to be growing by the week. In the next breath, though, he was proposing recommendations which in his view would help cure some of our economic woes, and among those recommendations was a proposal which would result in less revenue flowing to the government. I do not wish to argue the merits of the proposal itself. Indeed, it might at times be in order to increase the amount of a deficit already running at a substantial figure. The point is, he cannot have it both ways. He cannot make a solid argument criticizing deficits in government accounts while on the other hand putting forward recommendations which would result in substantially reduced revenues to the treasury.

I do not think the Canadian people are entitled to expect that a leader of the opposition should be deeply versed in economics or accounting theory, but I do think that in a country with a budget running to some $40 billion one might anticipate that those who occupy such an important position as that of Leader of Her Majesty's Official Opposition should at least have a basic understanding of what it means to create deficits and the effect reduced revenues would have on those deficits. How can one advance a recommendation which would have the result of reducing revenue while at the same time

arguing that deficit should be reduced? Everyone who operates an ordinary bank account recognizes that when the flow of income is reduced the deficit position, if there is one, will be worsened. I mention this only because it seems to illustrate the lack of depth of understanding of members opposite. This is so often evident in the comments and proposals to which the Canadian people are subjected, either in the House or outside it—a real lack of understanding of how economy operates and how the system of government expenditures and revenues form a part of it.

It seems to me further that this kind of irresponsibility is all too typical of so much of the negative criticism which has the effect of creating increased pessimism across the country. Yet this is the type of criticism we continue to hear from the opposition benches, criticism which is not accompanied by careful, rational suggestions for improvement. I say the Canadian people are entitled to more from those who occupy a key opposition role in our governmental system. We are hearing a great deal these days and months as to how poorly Canadians seem to be doing economically. This is enhanced to a large extent by the irresponsible statements coming from senior people on the opposition side. This, in turn, creates more and more sensational headlines. It results in leaving with Canadians a greater sense of insecurity and concern than is justified to some extent, under the circumstances. This leads to a position where many members of the public create in their minds fears and concerns which are quite unwarranted.

● (1252)

Some substantial Canadian financial publications of recent date have indicated that there is a turn coming in the economic picture in Canada. Some of these things may result from government actions. Later today we will hear from the Minister of Finance (Mr. Chrétien) who will give Canadian people, hopefully, some indication of how the control system is eventually going to be phased out and what methods will be used to accomplish this. In a sense this will provide a blueprint for the next several years and will give Canadians, both businessmen and consumers, an indication of what form of continuing regulation they may anticipate, if there is to be any at all. This will assist business to make investment decisions of a long term nature, as well as assisting ordinary Canadians to make their personal business decisions and investment plans.

The pipeline decision was made by this government some time ago. It was satisfactorily negotiated with the United States. Hopefully it will come to fruition in Washington in the near future. It will be a new major incentive to the Canadian investment program, and it will spill over to many, many other areas of the economy. As I indicated during the debate on this issue, the potential effect of this pipeline on our economy in all parts of Canada is going to be a very significant boost, not only to the actual dollar picture, but to the general morale of Canadians. Attitudes are improving in the country. The pessimism which seems to have prevailed in our business community as recently as several months ago is waning. It is waning in the face of hard information to the extent that any business forecasts can be hard information. The best economic minds are now indicating that improvements are on the way.

The opposition knows, although they will refrain from mentioning it because it is not in their political interests, and most Canadians know that the economy of Canada does not operate in a vacuum. It is dependent on what goes on in the western hemisphere, particularly with our neighbours to the south. Generally the signs of a turnaround are coming. A new onset of capital spending is anticipated in the second half of next year. By 1978 housing starts are anticipated to go up to 255,000 units, compared to some 235,000 units this year—a significant increase.

There are areas in this country which will continue to have troubles which may well worsen as we move into the 1980s, regardless of how strong our economy becomes. I am referring to the balance of payments situation, that is, the amount of cash going out of the country as compared to the amount of cash coming into the country. Cash goes out not only for the purchase of goods and comes in not only from the sale of goods. Every time Canadians travel abroad and people from abroad do not travel in Canada, we have a double effect on the balance of payments picture. In other words, Canadian dollars go out of the country and foreign money does not come in. I hope we never have to discourage Canadians from travelling where they wish, but we must do more to encourage people from outside this country to come and see what we have to offer in Canada.

In Europe today the cost of living and the cost of travelling for a tourist is far more than it is in Canada. During this past summer I witnessed that. There is a tremendous opportunity available to us to encourage people to come and see Canada. Frequently Europeans hear about the United States, but Canada does not tell them enough about our great country and the facilities we have. This would be of interest to them.

Mr. Speaker, may I call it one o'clock?

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock p.m.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Martin: Mr. Speaker, when I spoke before the luncheon adjournment I mentioned that one of the ways in which we might be able to help our balance of payments situation would be by encouraging further inflows of tourists from abroad, and I mentioned in particular the European continent where the cost of living and the cost of travel is fantastically high. In fact, it far exceeds the cost in this country. I believe that this country could offer a bargain to prospective European travellers in that respect.

At the same time, while not recommending any form of control measures which would prevent Canadians spending money outside the country, I think we should encourage Canadians to do much more travelling within their own country. That encompasses a great deal, including measures to reduce the cost of transportation facilities—it is frequently cheaper to travel outside the country than within it, which seems unreasonable, and including the kind of accommodation facilities that are available to ordinary Canadians as they move across the country. I suggest that this is a very important aspect, not only for our balance of payments but also in promoting greater national understanding, a matter with which I will deal in a moment.

To conclude my comments on the economy, I would like to refer again to the optimism with which I believe Canadians should be viewing the future. At the same time, I think we must be concerned about the problems which have given rise to such a serious situation in the last few years, to our increasingly high rate of unemployment and, in particular, we must take a much closer look at our secondary manufacturing industry—whom should we be protecting, and whom should we not be protecting; whose jobs should be protected, and whose should not?

I am somewhat concerned about the negotiations that are apparently under way in Geneva relating to GATT, as a result of which we may find ourselves accepting increasingly freer trade practices. My real concern is that as we "give" in some areas, in terms of lessening our import restrictions or customs duties, we should obtain freer access to those markets where non-tariff barriers are creating a problem. I refer, for instance, to restrictions on government spending policies of other countries, whether they will buy from outside as well as inside the country, and other types of measures that are of great concern to the Canadian manufacturing industry which is attempting to enter these export markets.

Other areas in which we have seen encouraging signs in the last few years include that of wage settlements. The Prime Minister (Mr. Trudeau) referred yesterday to wage settlements. According to my notes, they amounted to 8.8 per cent for the year ending the first quarter of 1977, which is a vast improvement over prior years—and this in an area where we continue to be told that we are quite uncompetitive with our neighbours to the south. Control over rates of inflation will continue to be important. We will have to convert many of our savers into buyers. I am sure Canadians will move into that pattern, but they will do it with care and caution. As a government, we must show the leadership that will help them.

I conclude these comments on the economy by referring to a recent address by Mr. Rowland Frazee, president of the Royal Bank of Canada and president of the Canadian Bankers' Association, in which he said that we, as Canadians, should not lose our perspective, that we have many natural technological and human resources which are a real bounty to us, and that our institutions are strong. He suggested that we should be concerned, but not alarmed, and that hard work and a sense of purpose are qualities which Canadians must foster anew in themselves.

There will be trade-offs, as the Prime Minister has mentioned, in such areas as what percentage we are going to own of our Canadian industry versus jobs that might otherwise be provided, as well as various other areas. But we must not put the blame on others for our situation; we must look to ourselves and realize that an increased standard of living is simply not a God-given right for every Canadian.

I should now like to address my remarks to the need for a greater degree of national understanding in this country. Here I purposely refrain from using the term "national unity" because, frankly, I do not really understand just what that term means. I have a certain concept of national unity which I am not sure is shared by other colleagues in the House from other areas of Canada. I feel, however, that national understanding—understanding among the peoples of various regions of the country—is a very important factor. A large gap exists there. In fact, I suggest that the election of the Parti Québécois government last November 15 is largely the result, on the one hand, of 110 years of misunderstanding and, what is worse in my view, of 110 years of completely inadequate measures by governments at all levels and by citizens generally to try to overcome this problem.

We have as yet no separatist government in the west or in the east, but it is conceivable that this phase could develop. The situation in Quebec was, perhaps, brought about by factors that we may not find in other regions of the country. Nevertheless, we are being told over and over again that the alienation of people in various regions of Canada is very real in terms of their relationship with central Canada, and the over-all problem is by no means restricted to Quebec.

● (1412)

Unless we tackle the problem for what it is, and not for what we might like it to be, in my view ultimately we shall be faced with a potential break-up of this country into various segments, each of which will ultimately seek its own destiny. We shall, indeed, have let down our sons, daughters and grandchildren if we allow this mentality to develop. That is to say nothing of letting down past generations, starting with the Fathers of Confederation, who looked upon this country as one in which they had a very strong belief.

Even if over generations we may have been guilty, to a degree, of a sin of omission in not doing our utmost to promote a greater degree of understanding across the nation during our maturing stage, the point to bear in mind is that the real issue we are facing is not a Quebec issue but a Canadian issue. As members of parliament, I feel we must look at the problem and tackle it with this attitude in mind. It is as serious a Canadian problem, that adults in one section of Ontario recently poured scorn upon the concept of an all-French teaching institution in a neighbourhood where French-speaking Canadians form a significant nucleus of the population, as it is a serious problem that the government of Quebec has told residents of the province that instruction in the English lan-

guage in future will be available only to a small, privileged class whose numbers will steadily decrease in the years ahead.

We must somehow move beyond the early, adolescent stage at which our country has arrived. We must cease to be referred to, and refer to ourselves, as hyphenated Canadians. A Canadian is a Canadian. In my view, that must be the byword for our future. We may, indeed, be Canadians whose mother tongue is one of the two official languages, be it English or French, or we may be Canadians of one of the many unofficial mother tongues. These are prevalent languages which are frequently heard across this country, many of them in my own community and in my own riding. These people came to live in Canada and to adopt it as their home. Their immediate roots are in other areas of the world.

If we continue to fail to understand one another adequately, we will be unable to keep this great country together. I think the problems we have faced and are now facing in Quebec will tend to rear themselves in other areas over the course of the years. We must tackle them in a positive way. It is unacceptable that we should wait for yet another separatist government to be elected somewhere else in the country, before doing something. We must take some responsibility for ensuring that our children receive a form of education which will include a far greater exposure to both official languages and cultures than has been the practice in the past.

Without proper education in these areas—and it has been woefully inadequate over the last century—there will be no real development in bridging what I refer to as the understanding gap in years to come. There will be no significant closure of that gap, and without that closure I again say it is doubtful if Canada will be able to endure in any meaningful way over the long term. Constitutional conferences, patriation and amendment of the British North America Act—perhaps these things are important, but most important is the development of a substantially increased degree of understanding among Canadians. This is something which does not have any replacement, and that factor cannot be overlooked.

A great deal is being said about national unity and national understanding. As members of parliament, I think we will be drawn into this debate more and more. We have a responsibility to talk about it in our ridings, to encourage citizens to talk about it, and to do all we can to encourage the intermovement of people between the areas of concern and the areas in which they live. If we come from an area which does not seem to be concerned about the issue, we must put the matter on the table and seek together, as Canadians, ways in which to develop solutions which will be acceptable. I am sure that with a proper, mature outlook we will be able to develop solutions which will be acceptable, if not to all Canadians, at least to the majority in each region of this great country.

In my opening remarks I mentioned that I wanted to make a few comments on the energy situation. I choose to do so at this time because it seems to me this is an extremely complex matter. Many Canadians still feel that they are completely uninformed. Therefore, I would like to put on the record a few facts which I think are important. World demand for energy by the year 1990—13 hears hence—expressed in equivalent barrels of oil, will be roughly 160 million barrels per day, compared with 85 million barrels today. This figure is roughly double. Our situation is really no different and the increase has substantially reduced from that forecast in the early part of the 1970s. The forecast includes the assumption that conservation programs will be meaningful throughout the world, particularly in Europe and North America where there is a massive use of energy.

We do not know what the price of oil will be by 1990. A very informed source mentioned the other day, in conversation, that in his view the price could go to $25 a barrel. That is probably on the high side. On the other hand, we must understand that every time we spend a dollar on imported oil, that contributes to our balance of payment problem. I think the Leader of the Opposition (Mr. Clark) was somewhat irresponsible in his comments yesterday relating to the economy. In my view, he was definitely irresponsible in his comments on the energy situation when he said in his opening remarks: "This means no net imports of oil or of any other major fuel". I belive he was referring at some point earlier to the year 1985. That may be an ultimate goal. If it is an ultimate goal, I suppose it could be realistic, but it certainly is not realistic if he was referring to 1985 or 1990.

Mr. Baker (Grenville-Carleton): He didn't say that.

Mr. Martin: Canadians will be faced with increasingly heavy imports and an increasingly high bill, and the analyses I have seen by the most prestigious authors indicate no real impact by solar, wind, biomass, geothermal or other sources of energy by the year 2000.

Nuclear energy will be coming in in a bigger way, along with all the problems associated with it; but we must accept that this is probably an alternative which will be unavoidable. More and more, Canadians must address themselves to energy problems. They must discuss them in the way I hope they will discuss, more and more, our problems of national understanding and the economy. The energy situation cannot be segregated from any one of these problems. It has an increasingly high profile and it must occupy that position in the minds of thinking people in this country.

I shall conclude my comments which have dealt with those three areas. I have dealt with the state of the economy, the concern I have about the lack of adequate understanding among the various regions and peoples of this country, and the need for us, as a federal government, to attack those problems directly. That means doing something to encourage the provinces more and more in the field of education. We do not have rights in that field, but we certainly must have some kind of persuasive power. We are elected representatives, too. I have dealt with the energy situation. I solicit more and more concern and attention on the part of the government and Canadians to this increasingly significant problem, which will be very serious within the next 15 to 20 years.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome this opportunity to participate in the throne speech debate in this Silver Jubilee, or twenty-fifth year of the reign of our sovereign Queen, Elizabeth II. We were very fortunate to have Her Majesty present for the opening of the new session of Parliament, and I join with all hon. members of this House who wish her good health and a long life in which to carry out her many and manifold duties.

Some hon. Members: Hear, hear!

● (1422)

Mr. Crouse: The Queen is the living symbol of all that is good for Canada and for the Commonwealth. All of us present in this chamber are part of Canada. What Canada is and what Canada will be depends upon how much you and I and all Canadians participate in and contribute to making it a Canada of which we can all be proud.

At this point I wish to extend my congratulations to the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) for the capable manner in which they moved and seconded the address in reply to the Speech from the Throne.

The presence of Her Majesty at the opening of parliament was significant at this point in our history, for it gave visible evidence of the fact that we have in Canada what is known as responsible government under a constitutional monarchy. Gathered in the Senate—or the other place—were not only the elected members of parliament but also the senators and Her Majesty the Queen. The three, together, constitute the Parliament of Canada, and no single authority can work without the other two. We can pass bills in this House after three readings, and they can be given three readings in the Senate, but they cannot become a legal enactment until they receive royal assent, or the approval of the Queen. This is a fact which, unfortunately, is not readily recognized even today by all members of parliament or by all those who have been granted the temporary right to serve as premiers of our provinces.

Ever since the election of the Parti Québécois under René Lévesque, the question of Quebec separating from the rest of Canada and the need for strengthening national unity has been in the spotlight. It has been under discussion and in the hearts and minds of Canadians from the Atlantic to the Pacific. We can no longer pretend that the stunning separatist victory is not splintering our country. No matter how many of the voters who turned to the Parti Québécois in despair over an inept and corrupt provincial Liberal government do not really want to leave confederation, the fact remains that they have put in power a party whose very reason for existence is the establishment of a separate Quebec state.

With a solid Parti Québécois majority in the National Assembly, the real question no longer is, "Will Quebec separate?" The question is, "When, and how, will it happen?" The Prime Minister (Mr. Trudeau) maintains that he has no mandate to negotiate any form of separation with any province. That is correct, but unfortunately it does not mean very much. He had no mandate, either, for imposing wage and price controls. In fact, he won an election by ridiculing such measures. Having destroyed his credibility, the Prime Minister cannot expect to be readily believed even if what he says is what people really want to hear.

Yesterday the Prime Minister said that he is going to put before the House a proposition about a referendum. Unfortunately, Canadians have to learn the hard way that what matters is not what the Prime Minister says, but what he eventually does. What he does depends upon the requirements of the "new society" jigsaw puzzle that he is putting together. He, and he alone, knows where to fit the pieces.

For quite some time during the Quebec quiet revolution the Prime Minister and Mr. Lévesque shared basic political ideas and aspirations. Both fancied themselves then—and do today—as democratic socialists dedicated to the structural transformation of our society and its institutions. In this sense their goals remain similar if not identical.

The Prime Minister wants to restructure Canada from coast to coast, while Mr. Lévesque limits his new society blueprints to Quebec for the time being and uses Francophone nationalism for establishing his own sphere of operations. Neither has, as far as I know, renounced his ideological base or his objectives. This means that they disagree only over methods and not over substance.

In his political essay, "The Practice and Theory of Federalism", Pierre Trudeau, the writer, said:

> Radicalism in different parts of Canada must be implanted in different fashions.

He also said:

> Perhaps even parties with different names may preach the same ideology in different provinces.

Mr. Lévesque and his Parti Québécois are doing exactly that. The Prime Minister's only objection concerns Mr. Lévesque's selection of nationalism as the principal tool of socialism. This is not far-fetched speculation on my part, for Mr. Trudeau, the writer, said:

> I should like to see socialists feeling free to espouse whatever political trends or to use whatever constitutional tools happen to fit each particular problem at each particular time.

Mr. Lévesque could argue that he is following the Prime Minister's advice, and he does—except for his separatism plan, which violates the Prime Minister's injunction, stated as follows:

> —federalism must be welcomed as a valuable tool which permits dynamic parties to plant socialist governments in certain provinces from which the seed of radicalism can slowly spread.

That is the only point on which these two French Canadian socialists really clash. It is also the point on which Mr. Lévesque parted company with the Liberal party in Quebec just at the time the Prime Minister was beginning to exploit his switch to the Grits from the impotent New Democratic Party—where both he and Mr. Lévesque belong. Neither the Prime Minister nor Mr. Lévesque is likely voluntarily to give up his chosen approach to the building of socialist strongholds in Canada. It should not be impossible, however, or even too

difficult for them to work out parallel and even mutually advantageous courses of action if given sufficient time.

I mention these facts because there are, obviously, still some people in Canada who believe that the Prime Minister is the only one capable of dealing with his separatist colleague in Quebec.

Some hon. Members: Hear, hear!

Mr. Crouse: I hear some applause from the other side, Mr. Speaker.

An hon. Member: Very little.

Mr. Crouse: Because of the sameness of their ideological backgrounds, nothing could be further from the truth. To follow this type of logic can only be compared to the thinking of the passenger on the *Titanic* who moved his deck chair from the lower level to the upper deck for greater safety.

The Prime Minister knows that the present language laws of Quebec are unconstitutional. He also knows that the quickest way to settle the legal status of the legislation is to refer it to the Supreme Court of Canada for a ruling. This action can only be taken by the Prime Minister, and although it may not be politically popular in the province where he said he would live if it separated, it is an action that he should take if he would assume his full and proper responsibilities as Prime Minister of this country.

Some hon. Members: Hear, hear!

Mr. Crouse: In my opinion, if the Prime Minister is not prepared to carry out his duties as they apply to all Canadians, then he should have the common decency to resign his position and let someone take over the office who is willing to govern fairly and equitably Canadians in all parts of this country.

There are a number of sections in the British North America Act which substantiate my statement that the Prime Minister and his government are not facing up to their responsibilities. I shall not quote all the sections, but I read them backward and forward this summer during the recess and found that section 93, for example, is relevant. It reads as follows:

> In and for each province the legislature may exclusively make laws in relation to education, subject and according to the following provisions:—
>
> (1) Nothing in any such law shall prejudicially affect any right or privilege with respect to denominational schools which any class of persons have by law in the province at the Union—

Subsections (2) and (3) of section 93 spell out clearly that all the powers, privileges and duties conferred by law at the time of Union shall be the same for the Queen's Protestant and Roman Catholic subjects in Quebec. Subsection (4) of section 93 states quite clearly that in case no provincial law which guarantees equal rights is made, then the Parliament of Canada—I repeat, Mr. Speaker, the Parliament of Canada—may make remedial laws for the due execution of section 93.

[Mr. Crouse.]

● (1432)

I ask you, sir, why has this not been done? Why has section 93 of the British North America Act, along with a similar section, section 129, been ignored? We are also ignoring, today, section 133 which guarantees the right to speak English or French in the Parliament of Canada as well as in the legislature of Quebec. Why have we gone beyond this requirement in the British North America Act? The throne speech states that we can expect new measures relating to the constitution. I ask the Prime Minister and any minister in his cabinet, if they do not respect the present laws in the British North America Act, how can we expect them to uphold any new changes that may be made in the constitution?

Some hon. Members: Hear, hear!

Mr. Crouse: I submit that the Prime Minister and his government, by deliberately sidestepping their responsibilities as spelled out in the British North America Act and in the Canadian Bill of Rights as assented to on August 10, 1960, are guilty of carrying out the most massive "con" job on the Canadian people that we have ever witnessed in the history of this country. How many Canadians today can stand and say, in the words as written in the Bill of Rights by that former great prime minister, the right hon. member for Prince Albert (Mr. Diefenbaker):

> I am a Canadian, a free Canadian, free to speak without fear, free to worship God in my own way, free to stand for what I think right, free to oppose what I believe wrong, free to choose those who shall govern my country. This heritage of freedom I pledge to uphold for myself and all mankind.

Unfortunately, Mr. Speaker, not too many in the Liberal caucus today can stand and repeat those words. The members of the government party have been muzzled. They have conformed only too readily to their leader's description, when he wrote in *Cité Libre,* to quote the Prime Minister in an earlier day "the Liberals are a bunch of idiots" and "a spineless herd that run like animals to the trough". That is what the Prime Minister thinks of the Liberal party.

Some hon. Members: Hear, hear!

Mr. Crouse: How else can one explain the silence of the Liberals, who are today the governing party in Canada, and their denial to some Canadians of their basic human rights? The Bill of Rights provides, among other things, the right of the individual to equality before the law, the protection of the law, freedom of religion, freedom of speech, freedom of assembly and association, and freedom of the press. There is more, Mr. Speaker, but I would point out that already some of the guarantees of the Canadian Bill of Rights have been abridged by this government which has failed to carry out its responsibilities.

This failure to govern justly and in accordance with the law has been excused by the Prime Minister and his colleagues as being necessary, for to do otherwise, they say, would affect our national identity and national unity, which they claim is our biggest problem—bigger even than unemployment, inflation, lawlessness, violence, moral decay and the general social

breakdown which has occurred in Canada under nine years of the Trudeau administration.

I agree, Mr. Speaker, that the paramount issue of our times is not inflation, unemployment and the resulting social unrest caused by these two evils. Serious as these problems are, they are not insurmountable. The discomfort, unrest and concern that they cause will eventually force people to act and to put things straight, provided that the reform machinery of the democratic system has not been too badly damaged or destroyed during the Trudeau years.

In my opinion, the paramount issue of our time is, therefore, the preservation of our democratic system. This means the preservation of our basic freedoms which we tend to take as our birthright and which are threatened today as never before by the sanctimonous hypocrisy of the present Liberal administration. Unfortunately, most Canadians take their personal and political freedoms as much for granted as the air that they breathe. This may be due to the fact that through an accident of history or geography we are located in one of the most sheltered and secure spots on the world map. It is no exaggeration to say that had our southern neighbour been a country like Germany or Russia, Canada may not have emerged from the colonial stage as a separate political entity. It is, therefore, rather obvious that Canada exists today as a self-governing, free country only because it is lucky enough to have democratic America as its big neighbour along the longest undefended border in the world.

Moreover, as I view the new wave of totalitarianism which is clearly under way, it is equally obvious that the one and only real safeguard of the freedoms we take for granted is America's strength. Alone, Mr. Speaker, we are defenceless. Whether we like it or not, whether we admit it or not, it is a simple and self-evident fact that only the United States among the democracies still has the power to make a direct attack on any member of the Atlantic alliance too risky. It is that power, and nothing else, which has kept the armies and the tanks of the Soviet Union behind the iron curtain under what is called détente. For years the primary objective of communist strategy has been the splintering of NATO and the isolation of the United States. Under the present government, Canada has been a willing pawn in this power play. We have reduced our contribution to NATO. We have reduced our armed forces to something like 72,000 people.

Mr. Danson: It is 78,000.

Mr. Crouse: The Minister of National Defence (Mr. Danson) has corrected me; he says it is not 72,000, but 78,000. That is only four times more than the communist forces that we are indirectly helping finance in a war of aggression in Angola. It is a shameful participation in NATO and in the détente that we share in enforcing throughout the world. I say to you, sir, that we are facing dangerous times.

None of these acts by the present administration has gone unnoticed by the United States, whose leaders can well recall that it was our Prime Minister who went to Moscow and ranted about American threats to our identity from a cultural, economic and perhaps even military point of view. Just imagine where those words were said, Mr. Speaker. "Please come in and save us from the threat of American aggression"! Nationalism, therefore, as it is presently being—

Mr. Danson: He did not say that.

Mr. Crouse: The Minister of National Defence can make his own speech, but I happen to have the Prime Minister's address in my office. If the minister does not happen to have it, I will supply him with a copy, which states very clearly the words I have repeated. I took those words from the Prime Minister's speech; I just copied them, and they are exactly as he uttered them when he was in the Soviet Union. So let us not have any foolishness on that score. I know that the Minister of National Defence is quite capable of taking care of himself, but I have quoted to this House and to the people of Canada the words of our Prime Minister. If the minister is ashamed of them, he can make his own defence of the Prime Minister at another time.

Nationalism as it is presently being practised in Canada through its Quebec separatist version, with the underhanded approval of our Prime Minister and his government, is as destructive today as it is out of date. At stake in this abrogation of responsibility by the Prime Minister and his cabinet is not our identity—as he implies—but, rather, our total freedom. That is what is at stake.

Faced with these facts, faced with the mismanagement of our economy and our blundering nationally and internationally, Canadians do not need to wonder about the loss of confidence in our country by Canadian and international investors. Our dollar has dropped from a peak one year ago of something like $1.03 to 89 cents the other day. And is it any wonder? What else can we expect when Jean-Luc Pepin says publicly that it may be too late to save Canada? This buttresses my contention that he and his colleagues should never have been appointed to lead the Canadian unity debate. This work and most of our royal commissions should be under the chairmanship of someone in the Canadian Senate. After all, some four former premiers sit in the Senate as senators, yet one of them has so little to do in the Senate that he has time to draw his full pay as senator and also draw his full pay as president of Dalhousie University.

I believe that the Senate should be retained, but I also believe that it should be put to work in the manner I have described. We could then put some of the best business and legal brains to work on some of our major problems. As we are all well aware, these problems are manifold, and the words in the Speech from the Throne are the clearest admission to date by the Trudeau government that its economic policies are not working and must be changed. Business failures, with the consequent loss of millions of dollars, are taking place at an unprecedented rate across Canada this year and are expected to continue at an accelerated pace in 1978 and beyond.

● (1442)

The latest figures show that as of August 18, business failures reached 2,612—an increase of 29 per cent from what

was a record figure last year of 2,030. At this rate, bankruptcy losses by the end of 1977 could easily reach $600,000 or more. This is why *Maclean's* magazine, in its September 19 issue, carried as its headline "Big Mac's Big Mess". In fact, the article pointed out that neither Walter Gordon, Mitchell Sharp, Edgar Benson or John Turner, "Big Mac's" predecessors, were capable of coming even close to predicting the budget deficit.

Headlines state this year's deficit could be a record $8 billion, so it is understandable why the finance minister resigned. The whole government should resign, along with the high-priced bureaucratic advisers who have got us into this financial mess. You may well say, "It is easy to criticize, but what do you propose as an alternative?" I just made one proposal—put the senators to work. That would cut down on the money being wasted on royal commissions. That is as good a place as any to start.

The ad hoc measures which have been the hallmark of this government must cease. This country is crying out for leadership. This applies to our citizens whether they are engaged in agriculture, fisheries, forestry, mining, or whether in large or small business. What seems to be lacking is a sense of direction, a forward plan. We need, at the very least, a three-year plan, with an immediate objective in the field of economic management, to strive for stable economic recovery in order to stabilize employment. The present economic situation simply cannot be allowed to continue.

Confidence is lacking. In fact, confidence in Canada has been destroyed. No sensible individual or company will take a chance by investing capital in any industry in Canada when governments at all levels—federal, provincial and municipal—are now spending $84.2 billion a year, which works out to almost 42 per cent cent of our $202 billion gross national product. Twelve months ago, 60 per cent of the economy was still in the private sector. Now it has shrunk to 58.4 per cent. Whether we like it or not, we simply must cut back on the frills. We must cut down unnecessary government spending and rearrange our spending priorities in a manner that will stimulate the private sector.

Some hon. Members: Hear, hear!

An hon. Member: No more Mirabels.

Mr. Crouse: As one of my colleagues has stated, no more Mirabels, no more $500 million blunders.

In Atlantic Canada, the fishing industry is crying out for a definite government policy that will encourage its gradual expansion. Despite the declaration of a 200-mile limit on January 1, 1977, some 70 per cent of the fish caught off our coasts is still harvested by foreign fleets. Our packing and processing plants are not operating at capacity. Our fishermen, given the proper equipment, could harvest an estimated $1 billion a year crop, but they are handicapped by government rules and regulations and by lack of investment capital. There is a growing feeling in Atlantic Canada that the federal government is intentionally delaying the regrowth and development of our fishery in order to accommodate foreign fleets whose countries serve as a market for western wheat and central Canadian industry.

Obviously, the present fisheries minister does not want the Canadian fishing fleet to be rebuilt, because this would require the phasing out of foreign fishing efforts, an action the present government is not prepared to take. How can the present government and its apologists explain the fact that the fishing industry and a development policy for the industry is not even mentioned in the Speech from the Throne? Since we do not have one single Canadian registered ship capable of catching and freezing roundnose grenadier, silver hake, argentines, squid, capelin or offshore mackerel—all species of fish which are soft in texture and which must be frozen as quickly as possible after removal from the ocean—our unemployed citizens are asking why this absurd situation is allowed to continue.

Our unemployed shipbuilders are asking why suitable ships cannot be built. Our unemployed contractors, electricians and plumbers are asking why cold storage facilities cannot be built. They are required right now in places like La Scie and Twillingate, in Newfoundland, and Vogler's Cove in Nova Scotia. Our businessmen are asking why marketing and sales machinery cannot be established, and why fishermen and other required specialists for this new fishery cannot be trained.

The Minister of Fisheries (Mr. LeBlanc) has stated in the press, over television, and yesterday in response to my question in this House, that it is useless to consider rebuilding the fleet at this time, since Canadian ships would simply be replacing foreign ships in depleting the fish stocks on our continental shelf. This is nothing more than nonsense. It is incorrect and untrue. Canadians cannot deplete the species I mentioned, for we do not have one ship of our own with the capability of catching and freezing these fish. However, the foreign fleets have this capability and they also have the markets. While the minister sits in his seat, wrings his hands and tries to make political hay and says nothing can be done, the foreign fleets still continue to denude our banks of fish, while our two major "industries" in Atlantic Canada, namely, welfare and unemployment, continue to expand at an accelerated pace.

The minister and his colleagues are seemingly unaware that if we had started yesterday on the construction of at least two freezer trawlers which are a minimum of 240 feet in length and have a capability of operating in distant areas, it would be two years at least before one new ship would be delivered. In the meantime, our fishermen should be trained to operate freezer trawlers so they can learn the new technology that is required in order to be successful.

To encourage new ship construction or replacements for old ships, we should consider establishing a system of investment allowances as a form of tax remission. To put it briefly, under this system—and this is only to illustrate the principle—if a ship cost $100 built in Canada, it would be set up on the books at $175 for depreciation purposes. Investment allowances is a method used extensively in Europe. Because it must be earned,

used by the same company and subject to recapture, it costs the government nothing directly.

The same rule of thumb could apply to our inshore fishermen on the Atlantic coast and the British Columbia coast who also require new ships in the 45-foot to 65-foot class. Since these ships are generally built of wood, an inshore fleet development plan would spark a chain reaction in the production of jobs throughout the whole of Atlantic Canada and, indeed, in all parts of Canada. Since the Fisheries Improvement Loans Act, through the banks, does not seem to be working, there should also be set up a central mortgage and shipping corporation to provide fisheries development funds at special rates to fishermen desirous of upgrading their boats and equipment.

The same lack of planning is seriously affecting the development of agriculture in my province. Due to mismanagement of the entire economy, approximately 35 cents out of the average Nova Scotian's food dollar finds its way back to the farmer. The rest is gobbled up by freight charges, shipping charges, processing and packing charges between the time commodities leave the farm and are purchased by consumers. Even though agriculture in Nova Scotia is one of our oldest basic primary industries, after centuries of farming there is still no vehicle available to producers which provides them with a suitable income for an honest day's work.

Canada has always had a cheap food policy, but what the farmer receives today for his labours and what the consumer pays for his products bears no relationship one to the other. As a result of this situation, the ratio of farmers to the population is declining. While they are producing more food than ever, we have to ask ourselves whether or not we want the agricultural industry in Nova Scotia to continue.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue only with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Crouse: Thank you, Mr. Speaker. I will only be another minute. The capital investment in the average farm for land, equipment, buildings, feed and other expenditures is massive, and some form of stabilization program has to be worked out to enable our farmers to remain in business.

In closing, I say to this House that if the economic problems of Canadians are resolved, there will be an easing of the political and social difficulties throughout Canada. However, if our economic problems are not resolved, our social and political problems will compound. The longer the delay, the more severe will be the adverse consequences of that delay. For all these reasons I intend to support the amendment moved by my leader, which clearly states that we no longer have any confidence in this government.

• (1452)

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, first of all I should like to congratulate the mover and the seconder of the address for their contribution to our proceedings, one which, I am sure, augurs well for both of them.

I should like to deal with two major areas: first, bill 101 and the tactics of the government of Canada with respect to it, and then with some of the problems of the national capital region.

[*Translation*]

First of all, Mr. Speaker, I would like to thank my colleague, the hon. member for Maisonneuve-Rosemont (Mr. Joyal). I have read and reread the speech he delivered in this House on October 19, 1976. He discussed minority rights and everything that happened in the province of Manitoba in the 1890's.

[*English*]

A year ago in this House my hon. friend from Maisonneuve-Rosemont (Mr. Joyal) dealt most eloquently with the injustices which were perpetrated on a minority language group in the province of Manitoba. His words today reflect a sincerity and conviction which for me carried just as much weight now as they did then. I differ from my hon. friend in my views respecting many areas of his speech, particularly with regard to the treatment of public servants, but I stand with him on the question of minority language rights, along with other members of the House. I welcomed the statement of the Prime Minister (Mr. Trudeau) that bilingualism is to be the very cornerstone of our approach to national unity and that it will have to be written into the Constitution of Canada in some way so as to guarantee absolutely the equality of the two official language groups from coast to coast. There is no question in my mind that this must be the ultimate objective.

It is perhaps worth while reviewing the events which took place in Manitoba in the years following the action of that province in 1890. When my hon. friend from Maisonneuve-Rosemont first spoke on this matter, my reaction was to think, "This was a long time ago, and I cannot atone for the sins of my forefathers. Nevertheless, I am quite prepared to admit that an injustice was done and to do all I can to correct it." Someone has said that a nation which cannot learn from the past is doomed to repeat it. In 1890, the government of Manitoba abolished, by resolution, the use of the French language in the legislature. It then proceeded to enact legislation abolishing separate schools. Both the Anglicans and the Roman Catholics appealed to the Supreme Court of Canada and then went to the Privy Council, where lay the ultimate decision as to the constitutionality of the legislation. The bulk of the legislation was held to be valid and constitutional. Then the minority group in Manitoba appealed to the federal cabinet under section 22(2) of the Manitoba Act of 1870. That section is parallel to section 93 of the BNA Act under which a similar appeal would still lie. The cabinet of the day listened to the minority appeal, but Sir John A. Macdonald died in 1891 and in the five years following his death four ill-remembered

men succeeded him as prime minister. It fell to Sir Mackenzie Bowell—

[*Translation*]

—the leader of Canada's Orangemen, the then Prime Minister to stand for minority rights. The Conservative government introduced measures in Parliament for the protection of minority rights. The 1977 Liberal government must do the same to protect minority rights.

[*English*]

Mackenzie Bowell said they would ask the Privy Council whether an appeal by the minority lay with the cabinet of Canada. The answer was yes. There were public hearings, and the government of the day introduced a remedial order instructing the restoration of the separate schools. The government of Manitoba did nothing. Then the government of Canada, under Sir Mackenzie Bowell, introduced a remedial bill which was debated at great length. It was filibustered, and failed to pass by the time the life of the parliament expired in 1896.

When Laurier came to power with the Liberals in 1896, a compromise was negotiated with Manitoba which for the first time provided a legislative base for the instruction and use of the French language in the schools of that province. It was an act of shame by the province when, some 20 years later, that right was abolished. However, we can be proud that it was subsequently restored and has been enlarged and strengthened by the province in recent years.

As a result of that situation, when the government of the day realized it could not disallow a bill which was clearly within provincial competence, Blake introduced a resolution in the House of Commons in 1890. The resolution said the government should have the option of going before a court of the land to determine the constitutionality of the bill. Sir John A. Macdonald supported the resolution and it was passed after debate, becoming the basis of section 55 of the Supreme Court of Canada Act.

I sincerely hope that a matter as delicate and as fundamental as this will not become the subject of partisan political politics. I welcome the statement by the Prime Minister with regard to a referendum. The leader of the New Democratic Party said there was no reason for a referendum. One very good reason would be that it could be conducted in the two official languages. There is no reason to think that the referendum of the Parti Québécois will be conducted in the two official languages. The federal initiative on a referendum is a very wise and good measure which I am pleased to support.

● (1502)

I was pleased to hear the Prime Minister say that a flexible attitude will be maintained with regard to federal-provincial negotiations. It is my sincere hope that there will be a testing of the constitutionality of this provision. It is significant that the sections of the Manitoba legisiation which were tested related to schools and not to the abolition of language rights. They were not tested untii 1909 and 1916, 19 years and 26 years after the legislation, respectively. It is not the right thing to leave private parties at their own initiative and expense to test piecemeal before the courts, over a long period of time, before constitutionality can be established. Machinery was created as a result of the previous experience which allowed an option for the government to examine.

A great bulk of the legislation in Bill 101, which I have read carefully, will be declared constitutional; some sections will not. But I hope there will be an orderly testing of those sections which are not constitutional. One cannot count on the actions of private parties to initiate these matters. If the government were to refer the question to the courts, the argument would run that there is no way in which the country would win. If the legislation were found constitutional, of course, that would set the seal of approval upon it. If it were found unconstitutional, it would be an Anglophone court which would impose this upon the province. That would give Mr. Lévesque an election issue.

The legislation is either constitutional or it is not. If it is constitutional, a reference to the courts will not change anything. The argument is that an Anglophone-dominated court is going to do it. The superior courts of Quebec are Francophone-dominated. One could also argue, "How are the Anglophone minority groups in the province of Quebec going to get a fair hearing?" The argument is that the Federal Court cannot test it because it is dominated by Anglophones, but meanwhile all the testing is by courts dominated by Francophones in the province of Quebec.

If the courts were to declare the legislation constitutional, there would be an option available to the minority, under section 93 of the British North America Act, to make an appeal to the federal cabinet. That was the parallel option which the aggrieved minorities in the province of Manitoba utilized so effectively following the legislation of 1890 and the decisions of the Privy Council. I hope the answer of the government of the day will be, if minority groups were to appeal to the cabinet, "We will do as much for you as the Conservative government did in 1895 for minorities. We will give you a fair hearing. We will consider the remedial measures." I hope the cabinet would not say, "This is coming to mother for things you should not come to mother about". Confederation means just that, that there is an appeal to some kind of central authority which will assume responsibility for minority rights across the country and is prepared to take the consequences of taking a stand for minority rights.

I am not sure I understood the Prime Minister's remarks correctly. I should like to quote from *Hansard* of October 19, 1977, page 38, as follows:

> The French language and culture must be preserved in the province of Quebec, but it must also be preserved among the French-speaking minorities in the other provinces, in the same way as we suggest that the English-speaking majority in the other provinces must of course ensure the preservation of its own language and culture in the province of Quebec for the English-speaking minority.

Is it the responsibility of the other nine provinces to preserve the English language and culture in the province of Quebec? The Prime Minister said that if this is not done, we will have the two solitudes; we will have a province speaking only French and the rest of Canada speaking only English, and

there is no future. I agree. But what is the business of confederation all about on the fiscal front, the civil rights front and all fronts, unless an aggrieved minority can come to mother whenever it has a problem?

My good friend and colleague, the hon. member for Maisonneuve-Rosemont, made an eloquent statement with respect to what happens to a nation if it does not respect minority language rights. I hope he will agree with me that the crisis of language rights in respect of a minority in Quebec is as serious today as it was in 1895 in the province of Manitoba, where Francophone rights were very abruptly, unjustly and wrongly abused by the government of the day.

I know there are others who will participate in this debate, and I realize the Speech from the Throne gave a general outline on the matters we should be concerned about. I should like to refer briefly to two or three matters which give me concern. The Speech from the Throne of September 30, 1974, reads in part as follows:

Amendments will be proposed to the Public Service Staff Relations Act.

The Speech from the Throne of October 12, 1976, reads in part as follows:

Measures will be proposed to improve the collective bargaining system in the public service, to reduce the adversarial nature of the process and to ensure an equitable relationship between compensation levels in the public and private sectors.

In 1974, the Finkelman report was made public. It was an excellent document prepared by the former chairman of the Public Service Staff Relations Board. It was referred to a joint committee of this House and the other place. A report was brought down in January, 1976, recommending very extensive improvements to the Public Service Staff Relations Act. Then, when we had a strike of the air traffic controllers this summer, this House had to legislate to bring them back to work.

I did not participate in that debate because I had to wrestle with my conscience on the balance of responsibility, whether I should participate, extend the debate and extend the strike, or whether I should defer my comments to a later date. I chose the latter. There will be more strikes, there will be more disruptions, and there will be more trouble if the government does not come to grips with the Public Service Staff Relation Act and the Public Service Employment Act.

On February 4, 1977, the president of the privy council made a statement to this House announcing a special inquiry on the Public Service Employment Act. I have endeavoured to catch Your Honour's eye in order to ask questions relating to whether a chairman has been appointed to this special inquiry. It is now 8½ months later. There were two individuals named: the one on the official side was Mr. Brittain, and the one on the employees' side was Mr. Davidge. I have had no indication of any public hearings or activity. This inquiry is long overdue.

I should like to say a word or two about the National Capital Commission. In 1974, we had the benefit of two reports prepared by Mr. Douglas Fullerton, a former chairman of the National Capital Commission. These were extensive as a result of an inquiry conducted at public expense. While I did not agree with the conclusions, I felt the analysis was exhaustive and the point of view was refreshing. The hon. member for Hull (Mr. Isabelle) found the bulk of the recommendations to his liking. While I had some differences, I respected the very careful work and preparation which had taken place.

That report was referred to a special joint committee of this House and the other place. The committee held very extensive hearings. The Premier of Nova Scotia appeared before the committee as a witness, as did the finance minister of Saskatchewan, other provincial cabinet ministers, heads of regional governments, and, representations of all regional councils. There were public hearings with citizens' committees. That committee undertook to do an extensive and thorough job, but unfortunately it completed its hearings close to the end of the session.

It is my sincere hope that the committee will be reconstituted in order that it can prepare a report for the government. The government could stand just a little advice as to what could be done to improve relationships among regional municipalities, provincial authorities, provincial members of parliament and federal members of parliament. Some of us who have observed events over a period of time have views as to how matters can be improved. I have the honour of representing Ottawa West. There are problems in that constituency as well as in neighbouring constituencies.

I am referring to a problem in adjusting to a series of moves which appear not to have been too well co-ordinated. In 1975, the report of the National Capital Commission suggested that 25,000 jobs would be moved out of the Ottawa-Hull region as part of the government's decentralization program. That program has been implemented in various stages. There was the recent announcement by the new Minister of Finance (Mr. Chrétien) indicating perhaps the latest stage in this program. In addition, there is the relocation to Hull. Perhaps 15,000 to 20,000 positions are being moved to that city. The net result has been the abandonment of some six million square feet of office space in the city of Ottawa, two million square feet of which represented temporary structures which could be demolished, and four million square feet of which was privately leased accommodation. That accommodation is now available at bargain rates for office and commercial accommodation for anyone who wants to locate in the national capital.

● (1512)

On top of this we have restraint on the hiring of public servants, which is long overdue and perfectly justified, there is no question about it. But what does the National Capital Commission advise, with all these streams of information in its hands—the body with the experts, the body whose duty it is to advise the government what to do? Its advice is to go ahead with two satellite communities of 100,000 people each, one in the Carlsbad region, in the southeastern section of the city, and the other in the Aylmer region in Quebec, with a transportation corridor linking them.

They published a document called "Invitation to Dialogue". Dialogue should have taken place between one arm of the NCC and another arm before they published the document,

because they just did not put A and B together and they did not draw conclusions as to the growth of the national capital. As a result, the province of Ontario acquired several thousand acres of land for a land bank, and there has been a little friction over this misunderstanding. The province does not feel it can proceed and that, indeed, it has been induced to acquire land which it cannot turn to any useful purpose at this point. This is an understandable reaction, Mr. Speaker.

Although I welcome the new chairman and the new minister, both of whom are fully aware of their responsibilities in this area, the expression of federal interest in the national capital through a Crown corporation has, even by its concept, certain limitations. The Auditor General has made a number of observations on the conduct of the affairs of this corporation, observations which are not complimentary. A number of other events have given us reason for concern, and I know the new chairman is taking stock of the problems he has inherited. I look forward to a much better relationship between the minister, the new chairman and the regional municipalities. The problem has been compounded on the Quebec side by the developments since November 15 and the election of the Parti Quebecois government—

[*Translation*]

—member Jocelyne Ouellette, the minister responsible for the region, who simply dislikes the federal government and simply says that she intends to give them the boot.

[*English*]

The minister who has been elected has adopted a very belligerent and hostile attitude toward any federal activities in this area. The task still remains of sorting out the respective responsibilities of the Department of Public Works, the Department of Transport, the NCC and the various arms of the federal authority in this area in order to develop rational and reasonable long-term plans and present them to the regional planning board in a co-operative way—not a dictatorial way; not by threats such as, "You must do this" or, "You cannot cross federal lands" in an attempt to lay down, in an unco-operative and dictatorial way, to the regional municipalities and their elected officers what they must or must not do.

Those of us who visited Washington were impressed with the federal agency in Washington, the National Capital Planning Commission, which is not permitted to own an acre of land and which is kept in a purely advisory capacity, in great contrast to the situation in Ottawa. I think the government of the day could profit from a report by this committee, putting together the evidence it has acquired and presenting it to the people of Canada and to this parliament for appropriate action.

I do not like to sound negative, because one does not achieve very much by doing that. I hope that what I have said has called to the attention of the government some measures that are urgent and essential to the good government of this country through the public service and to the good government of the national capital through the instruments that it chooses to exercise.

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, to read the throne speech one would think that Canada is the whole world, that wrestling with the economy and the national unity question has exhausted this government. Despite our position of influence on the Security Council of the United Nations, the government has no international initiatives to offer. Apparently we do not even need to think about the international scene. When our house is in order, then we will be able to live happily ever after.

How different is reality? Terrorism, international murder, skyjacking, are direct frontal attacks on modern society—as we have seem in Europe this week—yet the government ignores these new realities.

Human rights violations are spreading, and political prisoners are increasing, but the government has nothing to say, not even a word of congratulation to Amnesty International which deserves the commendation of all members of the House for being awarded the 1977 Nobel Peace Prize for its efforts to free prisoners of conscience and abolish torture.

Some hon. Members: Hear, hear!

Mr. Roche: The list of global problems is awe inspiring. There is the rapidly escalating arms race, the increasing danger of the proliferation of nuclear weapons, racism in Africa, shortages and maldistribution of food, population pressures, the threat to the environment, the persistence of massive poverty, the competition for control of marine resources, the complex problems of energy, the dwindling supplies of non-renewable resources, and the whole spectrum of international economic ills from inflation, unemployment and indebtedness to problems of unstable commodity and money markets.

Does the government actually think that this conglomeration of problems poses no danger to Canada? It is time for the government to wake up. Canada's interests extend beyond the excessive introspection that characterizes our present stance. What has happened to the vision of Lester B. Pearson who recognized that Canada has a meaningful role to play in international affairs? The exertion of creative leadership in the world community would, in my view, contribute to the solving of our internal problems by giving us a renewed sense of purpose. But the Pearson vision is gone, obliterated by a government which cannot even lead Canadians, let alone the world community.

As Professor John Holmes notes, we have entered middle age as a nation; we have lost the enthusiasm of ideals without having acquired the solid purpose of maturity. Mr. Speaker, new Canadian policies of enlightened internationalism are urgently needed, for modern events tie us more closely than ever to the rest of the world. Our energy future is directly affected by decisions made in the Middle East. Our grain sales depend, in part, on the fields of China and India. Our economic viability as a nation depends on our ability to compete in growing markets abroad. Our security, both physical and

spiritual, depends increasingly on the capacity of the developing nations to provide economic and social opportunity to the one billion people who now live in misery. I would have excused the government for saying that all this is too much to solve within the confines of one throne speech. I cannot excuse it for blithely ignoring the real interests of Canada in a new, interdependent global community.

● (1522)

On September 26, the Secretary of State for External Affairs (Mr. Jamieson) went to the United Nations General Assembly to make his annual speech. Tired of the customary platitudes, the minister attacked the UN for its poor performance and warned that the world body was heading for oblivion unless it showed itself to be more effective. This attack may have given vent to the frustrations of the minister about the UN, but his speech would have been much more helpful had he encouraged, rather than scolded, the UN.

The chief value of the UN is that it is gradually building the framework for a legal system to preserve world order. This is a long process, exacerbated by the long confrontation between east and west, and now between north and south. We have the UN's specialized agencies and a string of world conferences on food, population, human settlements, industrialization, the deserts and water—to name just a few—to thank for our new understanding of the limits and constraints on human life and behaviour on this planet. National governments are learning that they must co-operate because of the physical and economic interdependence of the whole planet. But it is a hard lesson and it calls for patience, not short tempers.

The UN cannot force governments to adopt global strategies. It can only use its power of moral persuasion. That is why international consensus is so vital, and why Canada ought to be more aggressive in working to build a consensus which will lead directly to a safer, more just world.

When he was at the UN, the minister announced that, subject to parliamentary approval, Canada would donate $7.5 million in food grain—roughly 50,000 tons—to an emergency grain reserve. The throne speech does not even refer to this commitment. Similarly, the minister chided the UN for not discharging fully or effectively its responsibilities in the field of human rights. Could the government not give the human rights issue its proper priority by raising its voice in the chorus of international concern? The government limits its concern about human rights to the very real cases of family reunification, but that is too narrow an interpretation of this deep, deep issue.

Rather than criticizing the UN, the Canadian government ought to be building world opinion to support the UN Special Session on Disarmament to be held next May and June in New York. The spectre of nuclear war, insists UN Secretary General Kurt Waldheim, "is unquestionably the most terrifying potential threat to us and to future ages". At least six nations now have atomic capability, and two dozen or more are at the threshold, producing as a by-product of their energy programs the starting kit for several thousand atomic bombs, if they so wish.

Arms spending has now reached $350 billion a year. This magnitude is almost impossible to grasp, but it can be expressed as two-fifths of the combined gross product of all Third World countries. Military uses of science now consume the research work of 400,000 highly qualified scientists and engineers. Exotic names are attached to each new invention and they are always presented as a further consolidation of deterrence. But a single-minded attachment to deterrence has trapped both nuclear powers, the United States and Russia, in a vicious cycle. Each side is now engaged in a technological race for the maximum improvement or perfection of its deterrents.

Bad as the present situation is, it is bound to become worse as nuclear capacity spreads. The possibilities of accident, misinterpretation of orders, theft of nuclear weapons, nuclear terrorism and blackmail would be greatly multiplied in a proliferated nuclear world, the kind of world we are heading into. Whatever value the doctrine of mutual deterrence might have in a bipolar world or in a world of many nuclear powers with great differences in their geopolitical, military and technological positions, those values are now changing. Our world is becoming a more dangerous place because of the spreading military technology which has led the Stockholm International Peace Research Institute to conclude: "The probability of a nuclear world war is steadily increasing".

The scandal of arms is not confined to the nuclear threat. Although the superpowers and the other major industrial nations are the big spenders, the number of Third World countries with highly sophisticated conventional weapons is growing. The Third World's share of world military expenditure has risen from 5 per cent in 1955 to 17 per cent now, but much more dramatic has been the increase in the Third World's share of the international arms trade. About three-quarters of the current global trade in arms is now with the Third World. In fact, military spending of Third World countries in the past decade—I think this is probably the most shameful fact which can be brought before the House today—has increased twice as fast as their economic base and now exceeds the total amount they spend on education and health combined.

The international arms trade links eager sellers and eager buyers, as revealed by the 18-month Lebanese civil war which killed 40,000 people. Arms were smuggled and purchased by both sides, from all factions: east and west, communist and capitalist, idealistic and greedy. The lucrative arms trade around the world not only undermines disarmament talks but is also a direct threat to development because it is an invitation to coups, grotesque overspending on imported weapons, and misplaced priorities. In both a nuclear and conventional sense we are on a path to destruction.

We know what needs to be done to avert a calamity. Efforts to achieve progressive worldwide disarmament must be aimed primarily at balanced mutual arms reductions on three levels: first, on the level of the superpowers where the goal is to

lessen, if not eliminate, the danger of holocaust; second, on the level of all would-be members of the nuclear club, with the containment of horizontal proliferation as the objective; and third, on the general level of all states, large and small, in order to reduce the chances of war and violence by limiting the amount and destructiveness of arms transferred in international trade.

The Special Session on Disarmament is an attempt to focus world opinion on the arms question. Kurt Waldheim predicts that "it will be the largest, most representative gathering ever convened to consider the question of disarmament". The substantive issues will be a comprehensive test ban agreement, strategic arms limitations, non-proliferation of nuclear weapons, and reduction of the arms trade.

A great amount of preparatory work is under way. Some 45 countries have already given their views about the agenda. The U.S. submission states that if effective disarmament is to be established, the difficulties of definition, balance, verification, conflicting political purpose and insecurity must be addressed. The Canadian government wants the session to produce a basic final political declaration that would lead the way to a further session to actually implement a new co-operative approach to arms control and disarmament.

● (1532)

Already there is concern that the raising of public opinion not create false expectations that would only lead to more public disillusionment and frustration. The best that can be hoped for is that the special session will reach agreement on general principles for effective disarmament measures that will be negotiated at a future date. Even this modest agreement, measured against the present chaos, would be a major accomplishment. It is to this end that I urge the Canadian government to raise its own priorities of involvement in the disarmament session and the preparation for it. For all of this will enable broader studies of comprehensive disarmament programs, including both nuclear and conventional weapons, of reciprocating measures of unilateral restraint, of across the board budget reductions, of the impact on the arms race and disarmament, of the explosive questions of the link between disarmament and a new world order.

I quote a statement made by a famous man a few years ago. He said:

> Every gun that is made, every warship launched, every rocket fired, signifies, in a final sense, a theft from those who hunger and are not fed, from those who are cold and are not clothed.

It was President Eisenhower who said that while he was still in the White House. The joining, then, of disarmament and development problems into a single theme is not a new notion. But we now have a better understanding of how the arms race is literally stealing from the poor of the world. Five presidents later, in his foreign policy speech in June this year at Notre Dame University, Jimmy Carter declared:

> We can no longer separate the traditional issues of war and peace from the new global questions of justice, equity and human rights.

[Mr. Roche.]

Nowhere is the new, positive value of interdependency that characterizes the global village more compelling than in the struggle for justice. The acceleration of scientific and technological developments has opened up the possibility of maximizing the physical, mental and social well-being of everyone. But it is only from the reduction of military expenditure that the vast resources needed for development can be obtained.

Philip Noel-Baker, winner of the Nobel Peace Prize, maintains that the torrent of funds poured into defence should be diverted into the more fruitful waters of development. He said:

> Since 1945, the arms race has led governments to spend vast resources on armaments, resources which ought, on grounds of morality, on grounds of equal human justice, on grounds of enlightened self-interest, to have been given instead to ending world poverty. That is how world armaments are the cause of world poverty.

When countries from all regions and at all stages of development are involved in major and minor arms races, little time and less money can be devoted to improving the lives of ordinary citizens. The violation of humanity represented by neglected education, inadequate or non-existent health services, malnutrition and repressive régimes which are shored up by arms from the factories of the rich is a destructive power that seems less devastating than war only because its true magnitude is not easily measured.

Barbara Ward has estimated that the money required for a full program of development of the poor countries over the next decade is only one-half the world's annual bill for weapons. Of course, beating swords into plowshares is a challenge of epic proportions, requiring governmental policies of enlightened internationalism. That is why Canada has a duty to lead and to show the Canadian people by its actions that it is leading.

It simply does not follow that reductions in arms expenditures will automatically divert money into development channels, though it is clear that such reductions are a prerequisite. A public commitment to a "new growth" world community is needed to unleash new and dynamic economic forces that would stimulate creativity, innovation and economic activity across a broad front. If expenditures on war, which are inherently wasteful, can be a stimulus to the economy, how much more value to the real capital stock of our society could be increased production of the goods of life.

Exploring the linkages between disarmament and development requires a moral approach deep enough to reflect the full spiritual and human dignity that every individual derives from his humanity, and responsive enough to cope with the interrelated and interlocking world crisis converging at this moment in history.

The special session of the United Nations offers the world a new opportunity to ensure survival. Mr. Speaker, I suggest that Canada could make a special and distinctive contribution to the success of the special session by convening a panel of all living Nobel Peace laureates to help stimulate public discussion.

We could help to develop a better understanding of the link between disarmament and development by encouraging public

research into problems of converting defence industries into civilian ones, by linking development assistance policies to Canadian policies on disarmament, supporting the efforts of the non-governmental organizations, and by working more closely with other countries on the disarmament issue.

Mr. Speaker, if we are to recover for Canada an important role in world affairs, it will be necessary to raise our sights. Enlightened internationalism demands a discernible spirit of co-operation. That is a simple word, but a difficult accomplishment. For example, we have not been co-operating in the development of a safe world community by selling nuclear reactors which increase the risk of horizontal proliferation and impose an inappropriate technology on developing countries. Nor does the government build a true spirit of international co-operation by forming a uranium cartel which drives up the world price of uranium through illegal action. We could do much more to co-operate with the United States, our best friend and our best customer. Finally, we could produce a better spirit of co-operation within Canada by clearly establishing priorities for world peace and justice.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, first of all I want to congratulate my colleagues, the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood), the mover and seconder of the address in reply to the Speech from the Throne, for their thoughtful remarks. As they noted, we in Canada are at a decisive turning point in our short history. We are at the kind of turn that is leading us back to the very beginnings of our country. There we find ourselves face to face, as did the founding fathers, with the fundamentals of a constitution, of economic life and, above all, with the most fundamental of questions for us—the terms under which free citizens, Francophone and Anglophone, will live together in the same homeland.

Some seek to improve the mechanics of our relations through constitutional changes—for example, by entrenching official minority language rights—while others want to press down on the accelerator of economic growth.

● (1542)

There are, indeed, many necessary mechanisms in our relationship that do need improvement. Let us improve them soon. The Prime Minister, for his part, has pointed the way to greater unity through essential changes of these kinds and with specific proposals in economic and constitutional fields.

[*Translation*]

But he has always insisted on the fact that mechanisms will be pointless unless Canadians everywhere in Canada strike at the root of the evil. Truly, the root of that evil is not the constitution, nor the sharing of powers, nor the economy: it is a matter of dignity, the dignity of man.

As for me, I also feel that the ailment which afflicts us too often in Canada is a meanness of spirit. That disease, that lack of generosity of spirit prevents us from dealing with our Francophone compatriots on an equal footing, or from recognizing in them a community worthy of our respect, and from giving them the place that is rightfully theirs in all parts of the country and in all spheres of activity in our society. The challenge for us, at this critical point in our history, is to create with them, everywhere in Canada and Quebec itself, a relationship based on dignity and respect. We will have to show that generosity of spirit, to which the right hon. Prime Minister (Mr. Trudeau) invites us, and without which no mechanisms will work. I feel optimistic about a better future, because that generosity of spirit is obvious in an ever increasing number of Canadians, despite obstacles, despite our problems.

[*English*]

Yet having that right spirit without taking the necessary concrete measures will not be enough, either. The leader of the New Democratic Party, for example, does have, indeed, in full measure the spirit of accommodation. He has always shown that generosity of spirit with respect to Canadian Unity. But is he not missing the point in his speech when he suggests that the challenge for Quebeckers is to be able to live in Quebec as Quebecois? They do that with confidence and vigour. Surely, the challenge is to live in Quebec as well as outside Quebec as Canadians, as equals, welcomed and accepted and seen as equal, full Canadians, whether in Quebec, Ontario, British Columbia or elsewhere. A concept of "equal but separate" is not the question for us. It cannot be the question for us. "Equal together" is the question.

I would appeal to the leader of the New Democratic Party, whose dedication is beyond reproach, to give greater weight than he appears to be giving presently to essential constitutional change and to minority language rights across the country—he does give them weight; it is a matter of balance—in his strong and legitimate focus on economic questions.

With respect, I would like to say I think he missed another point of balance in attacking the Prime Minister's concept of nationalism which, he alleges, the Prime Minister (Mr. Trudeau) views as always a regressive, oppressive force in society. With respect, I think he is wrong in this. The Prime Minister's position on nationalism, as I understand it and as I think we in the Liberal party understand it, does not deny that nationalism can be a creative and progressive force. What the Prime Minister does deny is that every nation, every people, must be sovereign. He asserts, and our own history proves him right, that different peoples can live in the same state and in the same homeland, and he asserts that our own federal state has adapted to this great and enriching end. Let me quote the Prime Minister in an article entitled "Le Fédéralisme et la société canadienne française":

[*Translation*]

What is regressive is not the idea of a nation, but the concept that a nation must of necessity be sovereign.

[*English*]

That is his position on nationalism. To continue the Canadian federal state as a Canadian reality, we do have to refashion some of the Terms of Union as urgently as we must solve our economic problems. Solving economic problems alone will not

do it. After all, the movement of independence grew over the past 15 years in Canada during one of the periods of our greatest economic growth and development. It grew in good times and in poor economic times. Restoring economic growth, beating inflation, building new homes and curing unemployment will indeed remove causes of discontent and divisiveness. But more fundamental causes are pushing us around that historic corner. It is a turn we can negotiate successfully provided we face the basic issue square on—I do not say that the leader of the New Democratic Party does not face it—and not run after every traditional or standard-type issue in front of us.

In his speech yesterday, the Prime Minister noted that in the 20 years between 1951 and 1971 the real income of Canadians more than doubled; that is, that after considering inflation and taxes, the standard of living, of purchasing power, or however we express it, real income doubled. The point I want to make is that we can do it all over again. It is well within our potential, but not under present industrial policies. We do not yet have the full policy framework to do this all over again, nor the best type of industrial organization to do it, and it is these questions I should now like to address.

[*Translation*]

The Canadian industry, and more especially the manufacturing sector, is confronting a serious problem more alarming and persistent than an economic cycle and more disturbing than the high rates of inflation and unemployment contributing to its worsening. I am referring to that deep and long-term erosion of forces, erosion which will not be checked by controls over the inflation rate, nor by the thorough development of resources, nor by the construction of a pipeline, nor by launching extensive projects in the field of energy, nor by the higher growth of our service industries which is already quite considerable. That weakening is translated by a constant decrease in our competitive power at the international level due to the high cost of goods, a lack of productivity—the Prime Minister (Mr. Trudeau) said so in his speech yesterday—and also on account of an overly great reliance on technique. This decline is reflected in a constant flagging on the internal market as far as the products derived from both current and advanced technologies are concerned.

We shall not be able to solve the fundamental problems by imposing price and wage controls, by creating new budgetary incentives or reducing the value of our dollar, although these measures may conceal the deep tendencies. In the present economic situation, we cannot admit this downward trend in the industrial sector. In the coming months, we shall have to establish an economic strategy which will start the transfer of the major part of the manufacturing industry in Canada to a more efficient technical base. Only the improvement of this base will enable us to continue and to win the fight to increase our productivity and to deal with the rising costs while maintaining our competitiveness on world markets.

[Mr. O'Connell.]

• (1552)

[*English*]

The Science Council of Canada concludes that Canadian manufacturing is in a cul-de-sac. It is in relative long-term decline. It is in a phase of de-industrialization. A committee of this parliament's Senate found that the "general weakness" of Canadian manufacturing has reached "crisis proportions". I would like to propose to my colleagues in the House some elements of an industrial strategy, looking at these issues over the next decade. First, the government and the country must set themselves the goal of an expanded manufacturing sector, viable in the world's economy. I do not think we have that goal today. This means a reversal of present industrial weakness and decline.

It is for the national government to set out within the year a policy framework to support such a commitment. This will require consultations with the provinces, labour organizations and business as urgent and as far-reaching as those under way with respect to the political situation of the country.

In Canada we devote a smaller share of our total economic activity to manufacturing than any other industrialized country. Yet there is little doubt that the potential in Canada for improving productivity by expanded trade in manufactured goods is unsurpassed by any other industrial country. The policy framework and industrial reorganization to achieve this and to set us on that path of doubling our real incomes over the next two decades has yet to be developed by governments together with the main economic partners.

Second, we have to select industrial sectors with the promise of life in them, and concentrate on them. This is not to neglect the other sectors, but it is to concentrate and push forward in selected ones. The most evident ones are transportation, communications, telecommunications, new oceanic industries, resource processing, petrochemicals, plastics and energy, to mention the most evident.

How do we ensure the emergence of internationally competitive units within these industries? Often this will require amalgamations or consortium arrangements, as is happening in the white goods industry. It will require concentration on fewer products and lines. It will mean specialization for the benefit of longer production lines. These are not unfamiliar goals. The point I am making is that the policy framework is not conducive to their realization in the near-term. To encourage this kind of reorganization, government policy must ensure Canadian processors and workers a sufficiently large share of our domestic market in chosen sectors so as to provide the base load for optimum scale production and for specialized production.

An assured market is, moreover, the springboard for expanded trade. In turn, expanded trade reassures occupation of the domestic market. Above all, large-scale specialization based first and foremost on the domestic market is the foundation for research and development and for the resulting engineering of product innovations which alone enables firms to stay competitive.

The home market is crucial, yet it is being eroded. A variety of policies will be necessary. Let me illustrate the variety. In textile fibres, where scale is important, retained tariffs and vigorous anti-dumping action will be one component of appropriate policy. In apparel, where scale is not important but low-cost imports are, quotas are the only way. For selected industries or sectors of industry, tariffs should be retained and related to minimum threshold size or base load as one part of over-all industrial policies.

A policy objective, therefore, for Canadian policy-makers and trade negotiators is to ensure that greater home market interaction and complementarity between and within industries in Canada is supported in accord with industrial strategies by selective tariffs and quotas. Protection or support should reduce after a reasonable transition and development period.

Assuring the home market for Canadian producers requires recognition that the industrial process is made up of many interdependent links from raw material to the finished product. This means that some intermediate stages in manufacturing processes, for example plastics producers, makers of components for other enterprises, constitute the crucial domestic market for raw material producers. In turn, such intermediate products need further home market outlets in the form of derivative or other products. Good examples are found throughout the manufacturing sector and are easily illustrated in the petrochemical industry, where large-scale production of basic materials requires domestic markets for base loads, which in turn require further home markets for processing derivatives—for example, ethane, ethylene, polyethylene, polyvinyl chloride.

These linkages and interdependencies throughout the home market are often denied in Canada by the impact of U.S.A. tariffs escalating against the export of such processed intermediate products surplus to the Canadian market. European and Japanese tariffs have a similar impact on Canadian industrial expansion.

A "Buy Canada Act" should be adopted for a transition period of at least ten years, to require in some instances, and encourage in others, the purchase by governments of Canadian products. The industrial policy purpose here is to collect the market or aggregate it in chosen sectors and within criteria to ensure optimum scale and specialization, thus supporting employment and providing the base for product innovation. Such an act should be based on federal-provincial agreement in order to include, for example, provincial hydro systems, and be patterned on the present policies of the U.S.A., Great Britain, Switzerland, Japan and others. This is an objectionable, though necessary, non-tariff barrier designed to support the transition period during which the strategic goal is an expanded, technically efficient, innovative and internationally competitive manufacturing sector.

● (1602)

A further major policy objective for us should be to encourage more Canadian multinationals, like the success stories represented by Massey-Ferguson, ATCO Industries, Northern Telecom, Noranda, Polysar, McCain Foods, Wajax Industries, Dominion Road Machinery and Electrolyser Corporation. What is the point of encouraging Canadian-based multinationals? It is partly to attain scale, partly for the broad base upon which to specialize production by plant and by country, and partly to expand production through trade based on this successful form of industrial organization.

The most important lesson to be learned from these Canadian multinationals is that they do their research and development and their resulting engineering for product innovation here in Canada. In fact, all multinationals reserve their principal research and development and product innovation for the home country, thus giving the parent company a world edge in new products as well as weight and influence in determining world market shares for its subsidiaries. On the other hand, subsidiaries are starved of technological development capability and, like much of Canadian industry, become trapped in the cul-de-sac of technological dependency at the very time when domestic ability in product innovation turns the key to international competitiveness. The source of success of Canadian multinationals is their Canadian-based capacity to innovate.

The recent Senate hearings make this point in case after case. ATCO, for example, established a new world industry for remote region housing and other buildings during what Ron Southern calls "a great innovative period" in that company. Northern Telecom became a world leader in telecommunications technology and innovative manufacturing based on Canadian research and development when court action in the United States forced it to separate from its U.S. parent and sink or swim in Canada.

Massey-Ferguson lead the world as the result of innovations in the design and construction of combine harvesters; the Canadian steel companies lead North America through innovations based on their domestic research, development and engineering. Dominion Road Machinery of Goderich, a Canadian-owned firm, is the world leader in motor road graders, based on its own research and development, on its innovations in design and manufacturing and on strict product specialization. All do not merit roses. The subsidiaries of a few foreign multinationals in Canada do well, but most do not because of dependency on parent company technology. This weakens Canadian capacity.

The testimony is clear. It takes size, export markets and, above all, an assured sizeable domestic market to succeed. But it is the related research and development and the entrepreneurial innovation that is central to the whole industrial process in today's conditions. The critical weakness in much of Canadian manufacturing is its lack of capacity to innovate. The branch plants of foreign parents are useless so far as innovation goes. The more developed subsidiaries of foreign parents have mixed records. Canadian strategy must, therefore, promote Canadian-based multinationals in order to ensure a home base for research and development and for innovation. Without this, general incentives for research and development will prove ineffective.

Encouraging multinationals really means encouraging Canadian companies to establish their own subsidiary assembly, processing and manufacturing plants in foreign trade areas as well as joint ventures with companies in host countries while retaining research, development and product innovation in Canada. Such foreign subsidiary operations lead to major benefits to the Canadian home market in terms of components shipped to subsidiaries abroad or in additional head office employment, as well as the attraction of top managerial talent and the valuable research, development and innovation advantages. Multinational activity fosters specialization and, indeed, obliges innovation, thus ensuring the maintenance of position in the home market and expanded opportunities in foreign markets.

New guidelines should be issued through the Foreign Investment Review Agency to align its decisions with the industrial policy objective of building Canadian-owned and controlled firms in chosen sectors with the capability to attain size, specialization and innovation.

A key element of industrial strategy is the adoption of policies for further processing as far as the market permits, and even further for transitional periods when strategic goals are being pursued. For example, there is further scope for the manufacture and export of fabricated metal products. Asbestos processing has become a major objective of Quebec industrial policy. Food and other agricultural products' processing is an objective of western Canada, as is the further processing of petrochemicals, uranium, heavy oil and forest products. In the Atlantic area, the processing of fish, agricultural products and forest products is central to the objectives being fostered, as is the development of new marine industries to take advantage of the 200-mile economic zone.

Significant impediments to processing are United States, Japanese and European tariffs as they escalate against each further stage of processing. Nevertheless, we should set the processing goal in front and centre and adapt our trade initiatives, freight rate policies, regional development policies, domestic market shares and other policies to reach the goal.

Another element of strategy is to ask parliament for a special small business act to highlight and focus the policy commitment to serve the needs of the small owner-managed sector. The act would consolidate existing programs and generate a coherent set of policies ranging, for example, from manpower training and management training to small business consortia, new venture formation, a fair share of procurement for small independent firms through set-aside programs, and access to financing. The sector singled out here is composed of small and medium sized but independent business firms formally represented by a single plant. This sector is usually more labour-intensive than capital or energy-intensive. It is often community-oriented, or serves regional markets. Many play a substantial role as subcontractors to large firms. They cover some 95 per cent of all businesses in Canada and are estimated to provide over one-half of all Canadian jobs. Their productivity, cost competitiveness and capacity to innovate are important to trade and to import replacement.

[Mr. O'Connell.]

The expansion of these firms and of this sector is a valid objective of good social and community policy, of good regional development policy, as well as an offset to the industrial concentration necessary in other sectors. Moreover, their healthy development is a necessary condition for an industrial policy that also fosters larger scale, more specialized and competitive firms. The two go together; and the small owner-managed sector with employees up to, say, 200 to 300 persons, must be brought in from the periphery of policy to its very centre.

I do not have time here to discuss the role within an industrial strategy of a ventures capital corporation, of measures for providing incentives and financial assistance to private inventors, or the establishment within the public service of the principle of fair comparison with selected outside employers as the guiding principle for public service collective bargaining. But what I am suggesting is that in such revised industrial policies as I have sketched here will be found important keys to a more unified country.

Present industrial policies are changing too slowly to relieve an accumulated frustration with blocked economic development in most of Canada's six economic regions. Inter-regional tensions are unnecessarily high and persisting. Stronger inter-regional ties are not only attainable through a revised framework of industrial policies with obvious benefits to national unity; these ties or linkages are the very foundation for industrial development advantageous to all. An important point to recognize is that Ontario and Quebec, forming the industrial heartland of Canada, are in serious long-term economic difficulties. In Ontario this is only now becoming apparent. The two provinces have entered a period of relative weakness and decline—

● (1612)

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue if he has the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. O'Connell: I thank my hon. colleagues for allowing me to continue. I should reach my conclusion in approximately two minutes. These two provinces have entered a period of relative industrial weakness and decline, particularly evident in many sectors of manufacturing. To the extent that weakness and decline have set in, and to the extent that the present policy framework will not lead to a transition to a more technically efficient and internationally competitive industry, then grave implications arise for national unity. Such an uncorrected trend, if prolonged, could result, on the one hand, in less willingness to share with other regions through equalization or other disparity related programs and, on the other hand, in greater pressures from strong provinces for a more decentralized federal system so they can better look after their own economic interests as they see them.

The problems of the industrial base in Ontario and Quebec mean that this economic region, too, as well as all the other regions, now has good reason and all have joint economic cause to come together again, as they did 110 years ago, with their joint and several difficulties, to reassess together their economic interdependence and to find in redesigned national policies a path out of the cul-de-sac in which most now seem to be caught.

The central thesis of my remarks, then, is that the remaking of the regional economic framework of this country ranks in stature with the remodelling of its political constitution. This will require that same generosity of spirit to which the Prime Minister called our attention again yesterday.

ROUTINE PROCEEDINGS

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRESIDENT OF REPUBLIC OF GABON

The Acting Speaker (Mr. Ethier): Order, please. Before recognizing another hon. member, and undoubtedly with leave of all hon. members, I have the honour and the pleasure to call attention to the presence in our gallery of the President of the Republic of Gabon, His Excellency El Hadj Omar Bongo.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mr. Dennis Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, as is traditional, it is my pleasure to congratulate the mover (Mr. Dawson), and the seconder (Mr. Wood), of the Speech from the Throne and their replies to Her Majesty. They did so with a lot more aplomb and self-confidence in their maiden speeches than I did in mine. I congratulate them accordingly. Also, I should like to congratulate the speaker who preceded me, the hon. member for Scarborough East (Mr. O'Connell).

Some hon. Members: Hear, hear!

Mr. Andre: I have always enjoyed his contributions to debates in this chamber and have found them very erudite and worth while. Given the paucity of talent in the cabinet, it has always struck me as strange that the Prime Minister (Mr. Trudeau) has kept him out of the Privy Council since his election in 1974.

An hon. Member: He agrees.

Mr. Andre: I should like to direct a few initial remarks to the comments of the hon. member for Scarborough East. I am pleased to learn that he has read the very excellent report of the Science Council dealing with Canada's manufacturing industry. He has clearly adopted many of its observations and recommendations as his own. I presume that within the workings of the Liberal party there will be an opportunity to communicate those observations to some who are in a position to make decisions.

I hope the hon. member will not mind if I remind the House that during the 1972 election campaign the then minister of industry, trade and commerce of the Liberal government promised a new industrial strategy for Canada. That was one of the election promises. He said that this was being worked on and would be revealed to the nation soon after as the policy framework which would deliver us to the new utopia.

When the House returned, after considerable questioning by those of us on this side, the Minister of Energy, Mines and Resources (Mr. Gillespie) was moved to indicate that while it was too much to expect an all-encompassing industrial strategy, they were working on a sector plan which would soon be revealed. Further questioning revealed that if the sector plan was coming, it would be a long time coming. Subsequent ministers of industry, trade and commerce have dropped the language entirely from their statements and comments. It was not until the Science Council's report that the subject was raised again. It is far more vital now than it was in 1972 when it was first announced.

I should like to deal briefly with some of the aspects of an industrial strategy. Basically, I agree with the points raised by the hon. member, but he could have raised a few more. For some time he dwelt on the question of Canadian multinationals being important to the development of an indigenous Canadian innovative capacity in research and development. He is absolutely right in that sense, but that is only a part of the problem. As was diagnosed in 1970 by the special Senate Committee on Science and Technology, Canada spends less on industrial research and development in science technology than any other western industrialized nation. The Canadian government supports research and development less than any other western industrialized nation. Out of the research it supports, it spends more on basic research, rather than applied or applicable research, than any western industrialized nation.

Whereas the hon. member has properly identified one problem, he did not get to the root of the problem, which is the commitment of this government to the value of science and technology as an important ingredient in our future industrial development. This has been articulated in huge volumes of studies and analyses by virtually every economic group within the country that has looked at this problem. The failure of this government to respond positively to these recommendations which have been coming forward in great volume since 1970 is one of the major reasons we are in such a difficult position today.

The hon. member could have added to his list of points, more direct incentives for Canadians to invest in the manufacturing sector. As it is now, there are very few investors, if any, who are interested in pursuing investment in this area. Something direct has to be done by way of tax incentives. Something must be done to improve the labour relations atmosphere in the country. Investors are faced with conflicting opportunities for investment in capital-intensive industries or labour-intensive industries. They opt for the capital more often than not, even with a lesser return, in order not to put up with the hassle which comes with trying to manage a labour-intensive business in today's atmosphere.

Also, something which should be an aspect of industrial strategy is simply to reduce the burden of paperwork and bureaucratic hassle which falls upon the industrial community. Several years ago the *Financial Post* carried out a survey of Canadian industrial leaders and came to the conclusion that something like 35 per cent of executive time in Canadian business was spent dealing with government-initiated requests, and so on. That represents a tremendous waste of high-priced talent and a tremendous cost of doing business. Also, it is a tremendous disincentive to industrial activity. It should be removed.

Before getting on to major area that I wanted to speak about, I compliment the hon. member on his address. His eight-point program could be augmented by the three or four points which I have mentioned. I might re-emphasize that it is not this chamber which needs the education, so much as his own colleagues within the Liberal government, since they have been promising an industrial strategy for many years and they seem to bring it out only at election time and when they need that sort of support.

● (1622)

This is the fifth throne speech I have listened to since my election in 1972, and it is the first one I have heard delivered by the monarch. With due respect to Her Majesty, let me say that it was the most fatuous of the five throne speeches I have heard. Her Majesty—and I am sure she is too gracious a lady to ever admit it—must have been a little puzzled at having been brought all this distance to read that empty speech. I am sure the people of Canada expected a little more. Douglas Fisher, in a column in the Toronto *Sun* issue of Wednesday, October 19, described it as follows:

> Throne speech a giant yawn of banal observations.

He went on to say:

> In 20 years of scanning federal speeches from the throne, I can't remember one that matches this year's in slightness of content or in the flood of banal observations; 3,600 words in 49 paragraphs which we all will mercifully forget tomorrow.

Ronald Anderson, writing in the *Globe and Mail* issue of Thursday, October 20, describes the throne speech as follows:

> As an agenda for action, however, the speech is more than customarily deficient. It deals almost exclusively in broad generalities and pious hopes. The government has used the speech from the throne as a means for giving itself a royal pat on the back, rather than as a vehicle for outlining the way in which it proposes to deal with the problems facing the country. The elegant prose fails to conceal the muddled thinking and the policy vacuum that exists in Ottawa.

These are some of the things that have been said. Traditionally, the throne speech is the opportunity and the occasion upon which the government, Her Majesty's ministers, outline to the House of Commons the government's intentions for the coming session. It declares what it has in mind by way of legislation, its program of action for the coming year. Given the thrashing that a lot of our traditions have suffered under this government, it is not surprising to see this tradition of the throne speech disappear and to see us end up with the throne speech of this year which, as Douglas Fisher described it, was full of banal generalities, and a giant yawn.

There are two possible explanations for this dull, bland and banal throne speech. The first is that we have a tired, worn-out, weak government which has no plan of action and which had nothing that it could put into the throne speech by way of a program. In this case, those who subscribe to this view, I presume, would include the hon. member for Vaudreuil (Mr. Herbert), who described this as the worst cabinet in 30 years. Certainly, I think the evidence would indicate that this explanation is most likely. However, let me say in fairness that there is a second possibility. That is the explanation given by the Liberal apologists who state that the Machiavellian gurus in the bowels of the PMO and the PCO decided that they did not want to waste the publicity that comes from giving the good stuff to Her Majesty, and will save the meat for the Prime Minister and other cabinet ministers, so as to maximize the public exposure and publicity that comes from it.

Anyone who sat here, or dozed through the Prime Minister's speech yesterday realized that that theory does not stand up to close examination, because the speech of the Prime Minister was easily as banal and fatuous as was the throne speech the day before. In fact, in terms of new initiatives being announced, there were only two possible items of news within the Prime Minister's very lengthy speech: one which was stolen, as the Prime Minister admitted, from the Minister of Finance (Mr. Chrétien), which dealt with an additional $150 million for job creation—I expect we will get a rerun of that tonight—and the second which dealt with the proposed referendum. As was clearly indicated in the question period this afternoon, that was a last-minute addition which the Prime Minister had not cleared through cabinet, and indeed a previous committee of the cabinet had discarded the idea; but presumably the gurus in the bowels of the PMO, after observing the reaction to the throne speech, thought the Prime Minister had to have something to say, so this was dug up and thrown in.

That is tragic, because the problems which the Prime Minister spoke about in his speech are real. What the country needs now is leadership, not an election lecture. But a lecture is what we got, a long lecture on the problems of the country with no solutions offered whatsoever, no recognition of who caused the problems.

There is a third possible explanation for the banal throne speech, and it also comes from the Liberal apologists. Basical-

ly, it is the thesis which suggests the problems are so horrendous that no solution is possible; that if there were a possible solution, then the geniuses in the Liberal cabinet would have discovered it and would have expressed it in the throne speech. That is the school of thought articulated by W. A. Wilson, among others. It is simply hogwash, because there are solutions to the problems—excellent solutions.

Part of the solution to the difficulties within the manufacturing sector was expressed earlier this afternoon by a member supporting the government. All that is required is some leadership from the government and from the Prime Minister and the cabinet to examine the variety of approaches and different solutions available to these problems and to select those which are best, given the circumstances. All that is needed is that that kind of leadership be given, that an intention be declared to pursue certain courses of action, to present them in the throne speech and then to submit them for debate here in the House. That is the kind of leadership that is desperately needed today, because at the basis of all the complaints, frustrations and difficulties which exist in the economy is a real desire for leadership and for a sense of direction. Canadians would like to know that somebody is in charge, that somebody is concerned, that somebody is taking action to try to get this country turned around. There is no evidence of that in this government. If it is not to come from the federal government, pray tell us where is it to come from?

● (1632)

Possible solutions to the economic problems of this country and avenues for government action have been articulated by my leader. They will be articulated by other hon. members speaking on behalf of the Progressive Conservative party. They have been articulated by scores of business writers in the nation's media, and by experts within various economic organizations. This morning's Ottawa *Today* contains a column by Carol Goar which gives the advice of several recognized experts, economists in Canada, in terms of action the federal government should be taking. There is ample advice, if the government would simply assume its responsibility and heed it.

Another cause of our weak economic position is government spending. In this regard, I think the Prime Minister has at least partially recognized that the spending of his government is at the root of the problems the economy of Canada is facing today. At page 33 of *Hansard* for Wednesday, October 19, the Prime Minister is reported to have said:

> If it is true that our present malaise comes from living beyond our means as a nation, the remedy should be rather simple. It should be to live within our means. Here, again, I am saying that to live within our means as a nation we must produce more if we want to continue to consume as much. I know that our government and other governments in Canada have made the mistake, as I said earlier, of trying to give too much to the Canadian people by way of social benefits, without Canadians being prepared to pay for them in terms of slowing the increase in their real gains.

As I indicated, that is a partial admission of the fact that the spending habits of this government over the last decade are very much at the root of the problems this country is facing today. The Prime Minister went on to say that his President of the Treasury Board (Mr. Andras) has grasped the seriousness of the situation and is trying to deal with it. Well, there is precious little evidence to indicate that that is the case.

I think it is worth while—and I would like to ask the indulgence of the House to do this—to deal in some detail with the question of government spending, why we have reached the level of spending we have reached today, of some $45 billion per annum, and what can be done and should be done in order to change this situation. We must reduce the tremendous take of government from the people of Canada and leave within the pockets of Canadian taxpayers more of the money they earn, so that they might pursue the activities which are necessary to get the economy rolling again.

It has to be admitted that there are tremendous pressures on governments to spend. There is no question that governments are under constant pressure from this group and that group, and from this region and that region to spend more and more. However, that is the price of leadership. Governments must resist and make reasonable decisions in the face of these pressures. That is what governments are supposed to do. While I admit that there are those pressures on governments, I also submit that it is the responsibility of government to deal with them and not to submit to them automatically.

The second reason is that the revenue-producing system used in Canada has a high degree of elasticity built into it. There is an automatic increase in government take as the economy grows, even though there is no increase in taxes. The government take increases faster than the economy as a whole, so the government is in such a position that if the economy grows, its revenues grow at a much faster rate; therefore, it has additional revenues which it can, and does, spend.

A third very important reason that government spending has increased is inflation itself. Here I do not restrict myself to talking about the increased cost of the services and products governments must buy; I refer to the increased revenues which accrue to governments as a result of inflation. Governments have a vested interest in inflation. In fact, given today's taxation structure, if the economy were to increase by zero per cent in terms of real growth, but inflation were to increase by 10 per cent, government revenues would increase by 16 per cent.

Governments get an automatic, real increase in revenue from taxes taken from our pockets as a result of inflation, without any growth in the economy at all. That could, and should, be changed. That inflationary factor should be removed from the total taxation system. Governments have a right, a need and an obligation to tax, but it should be a real tax which is out in the open and imposed with the knowledge of the people. We should not have the sneaky kind of taxation which governments impose as a result of inflation.

It must be admitted that it is politically easier to spend than to save or be thrifty—and this government is well known for its willingness to take the politically easier path. In looking at his career or at his political credentials, each minister likes to point to the great, multi-billion dollar programs he has introduced during his reign in whatever department. That is a

political reality. I suppose we have to live with that, but it should be resisted by a responsible government.

The fifth reason for high government spending is the fact that the federal government can print money. This privilege is not open to many other people. If people in the private sector are caught at it, they are thrown into jail. However, it is something the government does, and has done with incredible frequency over the last few years. This is another type of sneaky taxation. As the government goes to the Bank of Canada to sell its bonds, for which it is paid in freshly printed notes, it debases the currency we carry in our pockets. In other words, the government taxes us again in another sneaky way.

A sixth reason for increased government spending is the poor example set by this cabinet, and by the Prime Minister in particular. How can one, with a straight face, try to impress upon the civil service the necessity of conserving, being thrifty and looking after each penny, when ministers fly all over the country—sometimes for business and sometimes for pleasure—running up horrendous transportation bills? The Prime Minister spent several hundred thousand dollars to renovate and improve 24 Sussex Drive. Ministers spend tens of thousands of dollars to decorate their offices. They put up wallpaper worth extraordinary amounts of money per yard and then tear it down because the colours clash a little with the couches they choose. These things have a very important, over-all effect on the mentality which exists within government circles. It is impossible and impractical to expect people to operate under a system which is basically, "Do what I say; don't do what I do. Do what I tell you to do; don't follow my example". Yet that is what this government has been practising, and it has much to do with the attitude which has existed within governments, the attitude of spend, spend, spend.

The seventh reason for the incredible increase in government spending has to do with the poor administration of the trust that the cabinet, and particularly the President of the Treasury Board, is supposed to administer. I will not go into detail here except to repeat just one phrase from the report of the Auditor General of last November. It reads as follows:

> Based on the study of the systems of departments, agencies and Crown corporations audited by the Auditor General, financial management and control in the government of Canada is grossly inadequate. Furthermore, it is likely to remain so until the government takes strong, appropriate and effective measures to rectify this critically serious situation.

If words like "critically serious situation" appeared in the audit of a corporation in the private sector, they would cause that corporation to be de-listed immediately from any public stock exchange, because if that did not take place the stock would fall through the floor and would cause the dismissal of at least the president and the chief financial officer, if not a call by the shareholders for the dismissal of the entire board of directors. Yet we have this kind of statement from the Auditor General of Canada about the people who are spending $45 billion of Canadian taxpayers' money in a haphazard, shoddy manner.

What has the government done about those recommandations? One of the key recommmendations of the Auditor General was the establishment of the position of comptroller general. At first the President of the Treasury Board made many pious statements about this proposal conflicting with ministerial responsibility, and so forth. However, seeing that there was a basis to this recommendation, the President of the Treasury Board finally conceded that a comptroller general should be appointed. That was on April 25 of this year. On May 30, in answer to a question in the House, the minister said he was actively searching for a comptroller general and expected to appoint one soon. It is now October 20, more than 11 months since the Auditor General first made that recommendation.

● (1642)

We have no comptroller general and we have no evidence that any changes have been made within Treasury Board or any other department or agency of government to implement these recommendations of the Auditor General. As far as we know, the government's financial management is as shoddy, improper and inadequate as it was a year ago when the Auditor General first reported on this matter. That is absolutely intolerable.

The eighth reason government spending has increased so fast is sheer deceit on the part of the government. I will give an example of what I mean. On February 19, 1975, the then president of the treasury board, in introducing the main estimates for 1975-76, said that $28.24 billion was only an 11 per cent increase over the previous year. He claimed it was a very modest increase. We pointed out that the change between the main estimates, year to year, was 30 per cent. He said that was not a fair comparison. The people of Canada were told by the minister, through the media, that the government was being very careful in holding government spending down to an 11 per cent increase, when the supplementary estimates for the following year showed that the increase was actually 27 per cent.

Precisely the same thing happened the year before and the year after—and the same thing is happening now. This is outright deceit on the part of the government. They are apparently unwilling to tell the people of Canada honestly, how much of their income is being spent and by how much it has increased over previous years.

In the spring of this year, for example, when new estimates were introduced, the government boasted that there was only a 7 per cent increase over the previous year. The former auditor general of Canada, Maxwell Henderson, then pointed out what the president of the treasury board failed to admit; that in fact a great deal of this so-called reduction in government spending was merely a transfer of responsibility to the provinces, and that when these factors were taken into account the rise in spending was closer to 10 per cent than 7 per cent.

If the government would correct its actions in these eight areas, Mr. Speaker—and in particular the last one—to be more honest with the people of Canada, that would go a long way toward controlling government spending. As the Prime Minister indicated, lack of such control is at the root of many of our economic problems. Certainly, that question must be

addressed if we are to solve the over-all economic problems which exist in the country.

Mr. Jean-R. Roy (Timmins): Mr. Speaker, at the outset of my remarks I hope I have your indulgence to say a few words of a personal nature. You well know, Mr. Speaker, that since early May I have been absent from the House due to illness. During that illness I had much time for reflection. So often during that reflection the bonds and friendships made in this House came to my mind, and I want to say that any illness a member suffers is, in one way, an advantage. It gives one an opportunity to renew perspectives and reflect upon the friendships formed in this House with other members, irrespective of their political persuasion. It is at such times we realize how deeply are those bonds of friendship which we form, and how much they mean to us. With your permission, I should like to thank my colleagues for their concern about my health, for their kind words, and certainly for their prayers. All of these were helpful, very comforting and satisfying to me.

Some hon. Members: Hear, hear!

Mr. Roy (Timmins): I would be remiss if I did not include my constituents in my thanks. At such a time their sympathy and concern for their member of parliament is very much appreciated—whatever they may think of him at other times.

Referring now to the Speech from the Throne, I am very pleased that the Prime Minister (Mr. Trudeau) and the government concentrated on the two major areas which present problems to Canada at the present time—the economy and national unity. I think we would be neglecting our duty, and quite possibly derelict in our duty, if we spent too much time on other issues in this session. Unless we spend most, or all, of our time on these two issues I think we will have failed the constituents we represent here.

There was substantial mention of energy in the Speech from the Throne, but in my view energy is just one element of the economic problems of this country and of the world. We all recall that the energy problem precipitated the crisis in world economies that we see today. I am not a professional economist, Mr. Speaker, but I know that, historically, trade was originally done by barter. Goods were exchanged by one country or one group with another country or group. As trade expanded, a better method of exchange was needed, so goods were bartered for hard currency—gold coins and silver. As trade expanded further, the currency exchanges were too bulky and inefficient, so there came about simple transfers on books of account of goods from one country to another.

This vehicle of currency for international trade became so important that it was actually more important than the exchanged goods. Indeed, in today's international trade there are countries which cannot operate at capacity or cannot sell their goods because the countries which need those goods do not have the funds, credit, or debt-creation capacity to buy the goods. The currency vehicle has thus become more important than the goods themselves, to the point that we now have fantasy currencies. The special drawing rights are what I term fantasy currency, because their only backing is agreement between countries that these special drawing rights are acceptable for trade. In the last 10 to 20 years trade has expanded to the degree that even these special drawing rights do not permit the reasonable exchange of goods or the expansion of trade between countries, so we are looking for new structures. Hopefully, heads of governments and people charged with this responsibility will find a new way of permitting the expansion of trade between countries.

In the area of international trade, no country is more vulnerable than ours because of the large volume of goods we produce and export. Indeed, no country can find itself so easily in difficulty because of world trade crises or slowdowns in world economy. For that reason, I think the throne speech pointed out that there must be structural adjustments, especially in the international economy. But this, I am sure, will reflect on adjustments that will be necessary within the internal economies of countries such as ours. I think the throne speech intimates that to make possible these structural adjustments, to make the people accept the consequences of these adjustments, there must be a change in attitude, one that would say that the people of Canada should take less and sacrifice more, rather than expect and demand more.

● (1652)

Today, Mr. Speaker, I want to present to the government of Canada for its consideration, and I hope eventual implementation, a practical proposal which would make it less difficult to accept those changes, a proposal that would make it more easily acceptable to take less, to make more sacrifices. I am asking the government to consider a massive "Buy Canadian" campaign. I think that if we could change the attitude of the Canadian people by making a special effort to encourage the purchase of Canadian goods which they need, instead of buying imported goods we would be well on our way to regaining the economic strength that we had in the past ten years.

I do not mean that Canadians should change what they purchase. If a person needs a refrigerator, he needs a refrigerator. However, the country of origin where the refrigerator is produced has a great deal of significance for the Canadian economy. Some people might say that it costs more to buy Canadian, and in some instances it might, Mr. Speaker. But, surely, the cost to Canadians is not simply the price tag that is put upon an article in a merchant's shop. Surely, the cost of unemployment at the present time, the cost of our presently stagnating economy, is reflected in the cost of that article in the store. So if we can eliminate unemployment and a stagnating economy, we can also eliminate the difficulty in purchasing Canadian goods as compared to imported goods.

The beauty of buying Canadian goods is that it has a double effect. If someone buys a $100 article imported from a foreign country, $100 Canadian goes to that foreign country. But if that person buys a similar item which is produced in Canada, he is putting his $100 into the Canadian economy. So in that respect, by buying Canadian instead of an import he is really

spending $200 in Canadian funds rather than $100. How quickly we would turn around the imbalance or the deficit in trade which the Prime Minister spoke of yesterday; I refer to the 15 per cent imbalance between Canadian production and Canadian consumption. I feel this is certainly a good way to start completely turning around that imbalance.

Some say that this would not be fair to other countries. Surely, Canadians have a right to exercise their own judgment as to what type of product they purchase, whether it be locally produced or not. Surely, when a Canadian buys a car he has the right—I would say, the responsibility—to ensure that that car is built in Canada and not in a foreign country. When he buys a can of tomatoes he should have the right and responsibility, if he wants to be helpful to the Canadian economy, to make sure they are Canadian tomatoes and not some foreign product. If he needs a piece of furniture, he has the right, in his judgment, to buy a Canadian piece of furniture rather than an imported piece of furniture.

Some people might say that this is not the way to help the Third World countries. I have no intention of recommending to the government that we stop helping the Third World countries. Surely, the bulk of our imports, possibly in the nature of 80 per cent or 85 per cent, come not from Third World countries but from countries whose economies are presently as strong as, or even stronger, than our own. So there is no argument in that respect. How can we possibly continue to help the Third World countries if our own economy is stagnant and deteriorating? We need a strong economy to provide the funds that are necessary to help these Third World countries. The economies of West Germany, the United States and Japan, for example, are strong. When the slowdowns are finished, because those countries have their own large internal markets they produce goods for their own internal markets. The percentage of their exports compared to production, while substantial, in absolute figures is way below that of Canada.

In Canada we have the reverse situation. We do not produce for our own internal market. We import too many products for our own internal needs. Our exports are 25 per cent of our production, the highest in the world. Our imports are also, percentagewise, the highest in the world. Not only are they the highest in the world, but sometimes they are quite substantially greater than our exports. So in this situation the benefits we derive, in terms of our standard of living, from our exports are neutralized, and even to some degree reduced, by the substantially greater imports which are brought into Canada.

My "Buy Canadian" proposal would have the reverse effect, Mr. Speaker. Surely, exporting is necessary. But the reduction of the number of imported goods, the buying of our own goods in Canada for our own needs, is essential to our own survival. So again I implore the government to consider instituting a program to encourage Canadians to buy Canadian goods at any time this is possible.

There are many methods of doing this. I do not propose to give the details of how it should be done today, Mr. Speaker, but it is surely easy to find methods of doing this. For instance, what is wrong with having large posters in every purchasing agent's office in Canada, reminding him that he should be looking for Canadian goods rather than imported goods? What is wrong with having the same type of posters in stores, shopping centres and supermarkets all over Canada so as to encourage and to influence Canadians to look for Canadian goods on the shelves? What is wrong with having clear identification of Canadian goods, and by advertising encourage the purchase of those goods? What is wrong with using large government advertising budgets for such a program? Much of the advertising budget provided Canadians today by the government is, in the opinion of many people, of very little use. I suggest it could be very much more wisely used by encouraging Canadians to buy Canadian goods.

What is wrong with the Canadian government making a special effort to purchase Canadian goods? I do not want to lay the blame on anyone, certainly not on the Chair or the Chair's officers, but when I came into the House of Commons on Monday I saw that the microphones for the new TV system in the House were manufactured in Austria, and that the television sets in the lobbies were from Japan.

● (1702)

I have no axe to grind with regard to the Austrian product on my desk or the Japanese products in the lobby. However, I am sure we have the electronic technology in Canada to put together a television system for the House of Commons that is made by Canadians for Canadians. I thought I should mention that.

It would be very easy for the government to form some sort of body constituted of merchants and consumers to formulate and put into practice a policy which will encourage Canadians to buy Canadian.

● (1703)

[*Translation*]

Mr. Speaker, I do not want to miss this opportunity to say a few words about that second important problem, not because it rates second rank in importance, but because there are two problems. Canada is experiencing at present a problem of national unity. This problem exists also in my constituency which has 42 per cent of French-speaking inhabitants. We can understand the anxiety of those people concerning the PQ government and the issue of independence. In this connection, Mr. Speaker, I adhere to the Prime Minister's statement and I rely on him. In my opinion, there is no other individual in Canada who has a better idea of what Canada should be. I know or I have met no one else before or since I was elected to this House who wields as much skill or ability to solve that serious problem as the Prime Minister.

When I hear the speeches delivered in the House and note the positions taken by the opposition leaders, without wanting to criticize them, I wonder how those people can have such inaccurate ideas and be so badly informed about Quebec and Quebecers. I therefore intend to do the utmost to support the Prime Minister in his efforts. I had already begun to do so in April, but due to illness, I had to slow down a bit. However, I

intend to continue in that direction since my health has improved.

There are two small things I would like to mention today. First, I would like to address the people of Quebec and particularly the PQ government leaders. I would like to ask them—and I appreciate they might not be pleased with or pay any attention to my suggestion—but I would like to ask them—please refrain from distorting facts about French Canadians outside Quebec. I know a little about that because I am of French expression and I come from a French community in Ontario.

To hear Premier Lévesque, other ministers and PQ sympathizers in the province of Quebec, it looks as if we were totally oppressed people, whose rights are openly encroached upon, who have major and unsolvable problems in the province of Ontario. I want to make it clear to the people of Quebec and mainly to those in the government of Quebec that it is totally erroneous. I have good reasons to believe that in some communities where the number of French Canadians is very small, they might not enjoy all the rights they are entitled to. However, the great majority of French Canadians outside Quebec live in areas like mine, Timmins, like Hearst, Sudbury, Ottawa, all areas where we are absolutely and perfectly entitled to all the rights that we need and that we desire, and with these rights we can live our life in our language, in French, without neglecting the rest of the community. Quite the opposite, we participate in the life of both the local community and the greater community of our Ontarian neighbours, even though they are not of French extraction.

I wish the Parti Québécois would stop misleading the people of Quebec. And if my colleagues of Quebec want to ask me to go in their region to explain how things are where we live to Quebecers who are not aware of the situation, I shall be happy to do so. I had the honour to be a member of the committee on the Constitution a few years ago, as you may remember, Mr. Speaker, and everywhere I went in Quebec, I said for instance that in Timmins, there are at least 5,000 or 6,000 students in French elementary schools, that there are at least 2,000 students in a French secondary school—not a bilingual school but a French school— and all that under a public board—not a French board, but a multilingual public board—with all the subsidies and the rights of all other public schools. When I told this to our good friends and our colleagues, then to my cousins—because my father and mother were born in Quebec even though I myself was not—people were quite surprised and even astonished. They said: "This cannot be." It certainly is!

I ask my colleagues to invite me if they have an opportunity to do so, and I shall be happy to explain the situation to the people of Quebec. Of course, I have not the linguistic ability of my colleagues and perhaps of many Quebecers, but I believe I can make myself understood. I would say that in Ontario, in the areas where there is a substantial French population, we have certainly stopped living in the past, living in history and living ideals. For our part, we would rather live in the present and for the future. I believe that unless our friends in Quebec do the same, it will be very difficult to solve the problem. I believe there is a recommendation I can make which would be very helpful.

Without mentioning the present Parti Québécois government which, I am convinced, will not be there for long, I would invite Quebecers themselves to come to Timmins, to come to Sudbury, to come to North Bay and see what is going on over there and learn who are the liars, who is spreading lies among the population. They will be in a position to judge whether it is the Quebec ministers, or the PQ members or us, who come from these areas, who live with this situation and who can say exactly what it is all about. That is why I invite all these people to come and visit us. When you come to see us, you will certainly be welcome and I can say that you will feel at home.

I take as an example, Mr. Speaker, my own riding. Last spring, Mr. Bérubé, the Quebec Minister of Natural Resources, announced a new aid program for mines, for the operation of mines or at least the exploration of sites to develop mines in northwestern Quebec. We applauded this program because it was long overdue. I believe the minister or the government should have long before taken the initiative of such a program. That is why we applauded. But when the minister made a statement to announce this new program, I was terribly upset by the lies and falsehoods the minister spread about in advance to justify this new program.

First, he spoke of Texasgulf which is located in my city, in my riding. He claimed that the federal government was playing a game, and depriving Quebec of jobs to give them to Timmins in the province of Ontario because, he added, the federal government, through the Canadian Development Corporation, in fact controls Texasgulf. Therefore, the federal government had decided, for Texasgulf, that it would build a processing plant in Timmins rather than continue sending the ore to the refinery in Noranda to be processed.

So there we are, Mr. Speaker: Mr. Bérubé claimed that the province of Ontario restricts producers or refiners of ore to operating in Ontario, which is completely false. According to the Ontario law, 50 per cent of the ore must be processed in Canada, not in Ontario, but in Canada. Naturally, that is why Texasgulf could, until now, send 50 per cent of its production of copper ore to Noranda. An agreement was signed between the two companies, an agreement which benefitted both economically, which is why that agreement is still in force.

He further said that Texasgulf was controlled by the Canadian Development Corporation thus by the federal government, which is once again completely false, as the Canadian Development Corporation controls 30 per cent of the shares of Texasgulf. The shareholders allowed the Canadian Development Corporation to have three directors out of 13 on the board of the company through a gentlemen's agreement. Thus, if the matter had been put to the vote among the shareholders, the corporation would not probably have even three directors. Therefore the government of Canada does not control Texasgulf as they have only three shareholders or directors out of 13. Again, this is false.

He also said that the closing down of the Noranda refinery in the near future was due to the fact that Texasgulf was building its own refinery in Timmins and that the company would begin refining its own products itself in a year or two. Mr. Speaker, the materials coming from the Timmins plant of Texasgulf represented only 15 per cent of the refining work of Noranda. How can you justify the closing down of a plant such as the refinery of Noranda when only 15 per cent of the materials to be refined have been removed? A little later, I read in the newspapers that Mr. Bérubé stated that it has always been difficult to find a job in the private sector in Canada, especially in businesses where transactions were made in English.

But I can see now or I could see then, Mr. Speaker, that it was not because the company was English, but that the man was very dishonest. I do not think Canadian companies are in search of dishonest people just for the sake of it. So I reiterate my invitation to our Quebec friends. I would like them to come to our part of the country to see for themselves that we Franco-Ontarians, from Ottawa, Timmins, all over—and I shall restrict my comments to our province because I did not visit with all French-Canadian communities across Canada—I invite them to see for themselves that we are not being denied our rights, that we live the life that we choose, that we shall continue to do so and that we will always be happy to do so.

In concluding, Mr. Speaker, I fully trust the right hon. Prime Minister (Mr. Trudeau) to solve that problem and I urge my constituents as well as all other Canadians to follow his lead. If we follow his example, a fair solution for all Canadians shall be found.

● (1712)

[*English*]

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, it is an honour to take part in the debate on the address in reply. I should like to say, first of all, that we on this side are very glad to see our colleague, the hon. member for Timmins (Mr. Roy), back in his place and looking so well.

Some hon. Members: Hear, hear!

Mr. MacKay: We hope he will have a good session and that the illness which kept him from us will not recur.

I should like to pay tribute to the mover and to the seconder of the Address in Reply to the Speech from the Throne. Both these hon. members acquitted themselves very well and I wish to add my respect to the remarks made by the hon. member for Louis-Hébert (Mr. Dawson), about the gracious and talented lady, Madam Morin, who served in the House of Commons before he did. She will be long remembered and greatly missed and, as the mover said so frankly, he has a great example when following in her footsteps.

The hon. member for Malpeque (Mr. Wood), also made an excellent speech. I thought perhaps it would have been appropriate for him to have mentioned his predecessor, the Hon. J. A. MacLean, a man who nobly served in this place with great distinction, a man who served his country in time of war and in time of peace. I think he, too, realizes he has a very big pair of shoes to fill as he sits in the House of Commons to discharge his responsibilities.

Some hon. Members: Hear, hear!

Mr. MacKay: I personally would like to say that we appreciate the way in which Your Honour guided our deliberations here in the House of Commons in the pre-television era. We assure you that your television image is just as good as your parliamentary image and we look forward to your distinguished guidance in a new era in the House of Commons.

Sir, I have to say in all honesty that I found the Speech from the Throne a disappointing document. It really does little to reassure Canadians that the government has any new initiatives with which to guide the country through what is bound to be a very difficult period. I am going to read an excerpt from the Speech from the Throne which I found rather surprising:

> The government dedicates itself profoundly to the rediscovery of the spirit of unity. It wishes to learn from all who are interested in Canada and who have thoughts on how it can be made a better place in which to live. It is prepared, particularly, to work with the governments of the provinces, all of whom have a vital interest in a better Canada.

Mr. Speaker, under whose auspices was this spirit of unity, which the government now seeks to rediscover, lost? That is what strikes me so forcefully. What has happened during the past ten wasted years—wasted in the sense of helping this country proceed to its destiny? Is it logical that a government which claims it has national unity as its greatest objective should say that it is dedicating itself profoundly to its rediscovery? There is something very much at fault in a statement like that.

It seems to me, looking back with the benefit of hindsight, that having a prime minister, in this particular case from Quebec, who would naturally be assumed to have a special understanding of Quebec problems, was not as advantageous to the country as one might have logically expected. It is ironic but true that sometimes people who come from a particular region are not necessarily qualified to speak for it. It is interesting to note, for example, that the most profound work on American democracy was not written by an American; the man who exhibited the best understanding of the situation in America as far as democracy was concerned, and whose work is still a classic, was Alex de Toqueville. The man who wrote the best work on racial problems in the United States was a Swede, Gunnar Myrdall. His book was "The American Dilemma".

It seems to me there is a case to be made in saying that our Prime Minister (Mr. Trudeau), who is undeniably a bright man, spent a great deal of his time attending the London School of Economics and Harvard and going off on esoteric pursuits, which was his undoubted right to do, while his contemporaries stayed back in la belle province and coped with life and perhaps have gained a far greater and more profound understanding of the basic issues in Quebec than the Prime Minister has demonstrated. At least this is judging by the results, which have seen a separatist government elected in la

belle province for the first time in our country's history. And let us never forget that it was under the present Prime Minister that this occurred.

There is another thing which disturbs me and disturbs my constituents. It is the lack of leadership as far as economic development is concerned. In the words of my leader, if having a finance minister means having a minister of finance with ideas for economic direction in the country, we have not had a finance minister for a long time.

● (1722)

I have to think back to Walter Gordon as being perhaps the last minister of finance in this country who came up with any original ideas. It is not that we agree with all of his ideas, but it was interesting that when he travelled across the country he had the initiative to note that the Canadian domestic market was quite small. Thus, he promoted the idea of the auto pact. He decided Canadian investment was not substantial enough, so he promoted the Canada Development Corporation. He felt that foreign investment was becoming immense, and he decided it would be a good idea to advance the concept of FIRA, the Foreign Investment Review Act. He also recognized that it would be desirable to have tax reform. Thus, he backed the Carter Commission. These things did not come to pass in the time of Walter Gordon. Some of them have been mismanaged, and some of them have only come into effect fairly recently. Can you think of any other initiatives comparable to what this man put forward that have been delivered by his successors? I certainly cannot. This is part of what is wrong with the country.

The reason why a lot of hon. members opposite who are sitting in the cabinet have not had the opportunity to develop any expertise or to develop any reputation in their portfolios is that they have not been in them long enough. They have been playing a game of musical chairs. This is not good for themselves, not good for the government, and not good for the country.

Some hon. Members: Hear, hear!

Mr. MacKay: The throne speech further indicates that "you will be asked to approve a Canadian Petroleum and Natural Gas Act which will regulate oil and gas exploration on federally administered lands and establish a system of royalty payments." Surely the government must be embarrassed by having to put this forward once again. We have been years and years without proper regulations in this sphere. While we have been vaccilating, the United Kingdom has been proceeding to pass regulations and extract vast quantities of oil and gas from the North Sea, deliver them, and have its economy restored by them. Here we are in this country still putting forward the same lame excuse in the Speech from the Throne, that we are going to get around to doing this. The government must surely stand indicted by this particular passage in the throne speech.

Another thing that concerns me in my constituency is the government's record as far as protecting the Canadian domestic manufacturer is concerned. This has national ramifications. I dealt with it today in a Standing Order 43. In my constituency we have a very important keystone industry for Nova Scotia called Hawker Siddeley. This particular industry is unique in the country because it has the only Canadian capacity for manufacturing railway axles. It is unique also because it is the only industry in Canada which maintains a full time export development marketing team. Also it is unique because it has been getting one of the shabbiest deals from this government of any large corporation in Canada. In any event, on its behalf, I wrote to the Minister of Transport (Mr. Lang) in August, I wrote to the then Minister of Industry, Trade and Commerce in September, and I wrote to the present Minister of Industry, Trade and Commerce (Mr. Horner) a week ago. I have received no answer from any of them.

I expressed great alarm at the situation where cheap foreign railway axles are being imported into this country under conditions which may very well contravene fair trading practices. It was interesting to note in Tuesday's edition of the *Globe and Mail* that this practice is not confined to railway axles. The particular article read as follows:

> National Revenue says only that stainless steel plate from the three countries and hot rolled and some grades of cold rolled sheet from Japan and West Germany has been dumped. It does not release details on quantities involved.

The article continues as follows:

> Dumping of certain types of stainless steel from Japan, West Germany and the Republic of South Africa has been found . . .

These are the types of situations the Minister of Industry, Trade and Commerce and the Minister of National Revenue (Mr. Guay) should look into. This particular industry has been a good industry for Nova Scotia and a good industry for my constituency. It employs many hundreds of workers and has a very good record for exports, and a fine record of manufacturing railway rolling stock for Canada and the United States.

It is inconceivable to me that this industry is not getting more support. I understand that of the $100 million western railway rehabilitation plan, about which I wrote the Minister of Transport last August, he has seen fit to give an order for 100 cars to Hawker Siddeley and an order for 806 cars to National Car in Hamilton. By coincidence, that is an area where there is far less unemployment. I hope the minister will take this as a representation to give Hawker Siddeley the order for the remaining 150 longitudinal hopper cars, which has not yet been announced. Also, I hope he will make certain that these cheap foreign axles, which may be coming into this country in contravention of anti-dumping procedures, will not menace the possibility, and indeed the certainty of this industry getting the order to supply the railway axles for the entire order for this western railway rehabilitation program.

One of the things the people of Canada expect from this government, at a time of economic difficulty, is at least one comprehensive plan to do something constructive for the country. It is significant that the United States of America is prepared to spend billions and billions of dollars to transport non-renewable resources such as oil and natural gas from the north down to the United States, and we in Canada have not exhibited a similar willingness to spend money on the basis of

a great national project to bring down from our north a treasure which is far, far greater ultimately than any non-renewable resource, that is, to generate and bring down into the provinces where they can be must conveniently utilized in a national power grid the hydro resources from this country's north. If they are properly utilized, it would make Canada highly competitive in energy with something which is not, like oil and gas, non-renewable.

Just to cite one example, I have been told by knowledgeable people that Artillery Lake in the Yukon, which is approximately 700 miles from Edmonton east of Yellowknife and part of the Lockhart River system, is a natural power site. This particular site could be developed. The electricity could be brought down with little "Line Loss" into some convenient place in Alberta by direct current (D.C.). It could then be stepped down to alternating current (A.C.) and fed into a national power grid which would provide tremendous benefits for the entire country. Indeed developments such as those that are now under way or completed in Kettle Rapids and Long Spruce in the Gilliam area of northern Manitoba are also able to be utilized in a national power grid.

Everyone is aware of the fact that there is surplus power available in Churchill Falls, Newfoundland and in the Bay of Fundy. It boggles my mind to think that in an energy starved era a country with a disproportionate amount of fresh water and unprecedented hydro resources would not at least make a national effort to utilize the greatest and best technology in order to get this renewable energy down to parts of the country where it will do the most good. It is particularly incongruous that in eastern Canada energy costs are so high that any good the DREE program has been doing has been surely wiped out by the tremendous cost which industry faces as far as electrical energy is concerned.

I hope the government in the next little while will realize that in order to get the country united, and in order to give us a sense of pride in being Canadians, we have to undertake some great national projects for the material benefit of our people and for the ultimate prosperity of our nation. We must develop coal mines. We must develop eastern coal mines, as the hon. member for Cape Breton-The Sydneys (Mr. Muir) said today. We must concentrate on storing feed grain in eastern Canada so that our farmers are not impeded by the fact that, as in so many other instances, we do not have rail cars to transport feed grains when we need them.

● (1732)

It is incongruous indeed that there is probably less rolling stock on the railways than there was ten years ago, and yet there are unemployed people in factories in this country who could be making railway cars, instead of drawing unemployment insurance benefits, and doing something for their country and for themselves.

As far as taxation is concerned, I mentioned it a few moments ago in connection with the former minister of finance, Walter Gordon. What we got in 1971 was not a realistic taxation reform. What we got was simply taxation obfuscation or taxation confusion and difficulty, not reforms. I remember quite well when at one point the government was determined to impose capital gains taxes on the family farm until opposition pressure and, we hope, their better judgment prevailed. We need equity investment and I fail to see why the government, if it does not feel like removing capital gains taxes entirely, does not treat them in a more equitable and sophisticated manner. Why should Canadians who buy equity in Canadian corporations for purposes of educating their children or for retiring, be treated, when they sell these securities, sometimes after several years, in the same fashion as people who bought them the previous month to make a quick buck? What is the justification for this? Why does the government not recognize that for all the net gain it gets out of capital gains taxes, which after administrative costs comes to considerably less than $100 million a year, the very existence of these taxes is doing far more than $100 million worth of damage to this country?

Some hon. Members: Hear, hear!

Mr. MacKay: As a matter of fact if it got rid of Petro-Can and stopped spending money in that sphere, it would save itself far more money. It would be in money if it did that and if it abolished capital gains tax entirely because, as so many of my colleagues from western Canada particularly have said, we have yet to see any oil or any resources discovered by Petro-Can. It is very interesting that Maurice Strong's first attempt to generate some business was when he went to Hanoi and tried to get a joint venture to get some sort of exploration going off the coast of Viet Nam. They are doing a lot of exploring, but have they discovered anything yet?

An hon. Member: Why don't you give up?

Mr. MacKay: It is not a case of me not giving up but of the people of Canada giving up on this government unless its members change their ways.

Some hon. Members: Hear, hear!

Mr. MacKay: I was interested—of course I am always interested—in the Prime Minister. He is a talented man and he has a certain amount of tortuous logic on his side when he speaks. After listening to his speech, which was very erudite and replete with patronizing references as to how well we are coping in this country with unemployment and inflation, how much better we are, relatively speaking, then we were before, I have come to the conclusion that, as usual, the Prime Minister is taking the debate up to a very high plane, he is dealing with relatives and absolutes. He points out that in some ways we are relatively better off than we were before because we have slowed down the rate of inflation and the rate of strikes. However, he is rather slow to concede that in absolute terms we are, of necessity, worse off than we were in past years. We are worse off because our nation's debts are higher, for example, and our dollar is lower, and we suffer unprecedented unemployment. So I would say to the Prime Minister, to sum up his argument in his submission charitably, that probably his

speech indicates that things are relatively bad and absolutely terrible, in this country.

Some hon. Members: Hear, hear!

Mr. MacKay: People are concerned as well about another very basic failure of the government, and I speak parochially here so far as Nova Scotia is concerned, because we are not getting any proper joint federal-provincial initiatives in agriculture. In Nova Scotia 80 per cent of all the food we use is imported. Clearly this is most unsatisfactory. Feed grains is an area where we can be more independent but, according to Mr. Charles Hubbard, president of the Nova Scotia Federation of Agriculture, little research is being done in this area.

The Nova Scotia government has flatly stated that the federal government's 1977 dairy program, which put a 25 cent per hundredweight levy on fluid milk, will cost the Nova Scotia dairy industry $700,000, and reduce the individual dairy farmer's income by approximately $1,000 a year. The levy is clearly too high, and we believe that we should have a long term dairy policy. There should be no necessity for the raising and lowering of quotas buffeting farmers around at the government's whim. This is exactly what has been going on.

The fishing industry in Nova Scotia has not shown any signs of being revived, despite the 200 mile limit that this country finally put in effect at the same time as did the United States.

Again speaking about my constituency, which is a very important priority so far as I am concerned, I do not see any indication that badly needed bait freezing storage and facilities are being installed federally, provincially, or on a joint basis. I do not see any initiative to improve things in this industry, and this is another thing that is disappointing to me because the Speech from the Throne does not contain any mention of fish so far as I have been able to discover, despite the fact that this industry was one of the reasons why this country was discovered, and still is one of our greatest natural resources.

I say, let us get back to basics in running the country; let us pay attention to developing our fisheries. There are only 800,000 people in Nova Scotia and with some intelligence and the development of primary industries—we would not need large industrial projects—we could get along very well with our fishing, our farming, and our forestry. Yet there appears to be no leadership emanating federally or provincially in this important endeavour for our province.

Another point that I wish to make in the context of this debate is with regard to the fears that Canadians have been expressing about what is happening to some of our national institutions. It has not been a pretty sight to see some of the things that have come to light about AECL, Polysar, National Revenue, Statistics Canada and some of the other agencies that were noted in the past for their integrity.

For example, anyone who has been following the proceedings of the Laycraft Commission of Inquiry and has followed the cross-examination of a man by the name of Edmond Swartzack, an official of National Revenue, the cross-examination by Mr. Pitfield, counsel for RAS, and the cross-examination by Mr. Berger, counsel for Mr. Justice Laycraft, is struck by the evasiveness and by how perilously close to perjury this man has come. The contention made in the Chamber and elsewhere by representatives of this government that this agreement between Revenue Canada and the RCMP was perfectly legitimate, and not secret, does not stand the test of logic. How in the world, for example, could the chief law enforcement officer of the province of Alberta know enough to make inquiries about this agreement if he did not even know of its existence? How is it that the Solicitor General (Mr. Fox), an erudite man, could say here in the House of Commons that if we want to know the definition of organized crime, for purposes of this agreement, we should refer to a statute that was only passed a short time ago when this agreement, which did not even define organized crime which it was supposed to combat, was put together in 1972? I just do not understand the basic logic exhibited by the government in not co-operating fully with provincial royal commissions.

Another thing that I think will have to be faced pretty soon is what we are going to do about this inequitable section of the Federal Court Act 41(2), which I and other hon. members have discussed at various times with the Minister of Justice (Mr. Basford). Mr. Justice Deschênes of the Quebec Superior Court dealt with this in a very erudite and scathing way last year when he was discussing the case of a couple of young girls from Quebec in whom the Quebec Civil Rights Association showed some interest. They took their case to the Federal Court to find out why these girls were discharged from their jobs. Once again section 41(2) was brought down and frustrated the attempts of these young ladies to find out the truth. In the Laycraft Commission of Inquiry it has been used, and it has been used in other inquiries. It has been used over and over again, but what is the basis for it? If the Americans had this type of legislation, I submit they would never have been able to get to the bottom of their difficulties in Watergate. Just listen to this section in the act. It reads:

When a minister of the Crown certifies to any court by affidavit that the production or discovery of a document or its contents would be injurious to international relations—

That is a very curious thing in relation to a couple of Quebecoise. It continues:

—national defence—

That is incongruous too, for two girls!

—or security, or to federal-provincial relations, or that it would disclose a confidence of the Queen's Privy Council for Canada, discovery and production shall be refused without any examination of the document by the court.

That is the basic keynote, or principle, by the court! Why should a cabinet minister of any government substitute his judgment, biased as it must inevitably be by political persuasion and self-preservation, for that of a Justice in the Federal Court of Canada? The only mandate of a judge is to do the right thing for society. Politicians cannot always do the right thing because of all the political pressures. Lawyers cannot always do the right thing either, as we all know, but a judge is supposed to do the right thing. That is his job, his mandate. Why must we have the situation where even an acting minis-

ter, for example, can sign an affidavit which takes away the right of people to have a judge examine the efficacy, the honesty, and the appropriateness of what the Crown is saying and what the litigants are saying? Why do we need it? Section 41(1) is a much more proper section. I will not read it. It is long, but in that particular case a judge does have right and duty of perusal.

● (1742)

I do not want to go on at great length. I think the point has been made. I believe that the Minister of Justice himself recognizes that this is a matter of concern. He said so in the House when he said that the whole Federal Court Act was discussed by the various provincial attorneys general some months ago. That was last March. I urge the government very strongly to take into account the effect this section has and to remove that kind of section, or amend it, so that a judge of the Federal Court does have the right and duty to peruse what a cabinet minister says shall be forbidden to be released.

I hope that as a result of some of these unfortunate revelations which have come out in the past months concerning some of the institutions which people in this country had always trusted the government will make a strong effort to clean up its act and to restore a sense of confidence in the agencies I have mentioned, and in some others as well.

I do not wish to go on too long, but there are a couple of things I would like to say in conclusion. The message I want to leave on behalf of my constituents in this throne speech debate is simply this: I want the government to show some capable management or manpower capability, for a change. So far, mismanagement has been its hallmark. I suggest most respectfully that the government should stop playing musical chairs with the cabinet to the point where ministers are not in their portfolios long enough to develop expertise. I would like to see the government demonstrate some principles for a change because in recent years the Liberal Party has become no longer a party in the federal scene. It has become simply an alliance for power; its credo is expedience; its purpose is to provide avenues for opportunists. The result is that the whole country has lost faith in politicians generally.

The government has left a heritage of cynicism for many Canadians who, as a result of some of the events which have taken place in past months, no longer believe in politics or politicians. The Prime Minister must recognize that billions have been wasted by his government through mal-administration, misadministration, boondoggling, and useless and grandiose projects. Indeed, one might say with some justification that the Prime Minister, among his other attributes, has an edifice complex.

Therefore people in my constituency will be watching with interest to see if the government has learned its lesson and if some of the things it has put forward in the Speech from the Throne, including an opportunity to develop a more open and honest administration, are brought into legislation. They will be looking for the results of more positive management of the economy. The people in my constituency, like all Nova Scotians, are fair, and if the government can exhibit this type of conduct I know they would want me on their behalf to support the government's efforts.

[Mr. MacKay.]

Some hon. Members: Hear, hear!

Mr. Peter Elzinga (Pembina): Mr. Speaker, I too wish to begin with the traditional congratulations to the individuals who moved and seconded the motion which began the throne speech debate.

On behalf of the constituents of Pembina I wish to convey sincere thanks for the kindness the Queen bestowed upon Canada by sharing her presence with us in her Jubilee Year. We look forward to having the Queen with us once again in Edmonton when she and Prince Philip will be there to participate in the Commonwealth Games next year.

One could not help but notice yesterday when listening to the debate—when the Leader of the Opposition (Mr. Clark) participated and then the Prime Minister (Mr. Trudeau)—the excellence of the speech of the leader of my party. The Leader of the Opposition did such a superb job that the Prime Minister had to bolster himself by scooping the Minister of Finance (Mr. Chrétien) and by telling the Canadian people that there would be an additional $150 million spent under the Canada Works Program. This was not supposed to be announced until this evening, and it was obvious that the Prime Minister was fully aware that he had been upstaged by the Leader of the Opposition.

When we participate in the throne speech debate I think we should review some of the things the Prime Minister has done over the past ten years. The present administration has set many records, and I would like to review some of them. Today we have record inflation because of the administration sitting opposite us. We have record unemployment, record mortgage rates, record interest rates and record government spending, and when we review the last ten budgets the government has brought forward, we find that nine of the last ten budgets were deficit budgets. Because of that dubious record we now have our highest level of foreign borrowing. Our dollar is sinking. We on this side of the House were hoping that the throne speech would provide a redirection at the economic level, but nothing was forthcoming.

A great deal of importance has been placed on the national unity issue, and that importance is merited, but it is obvious that if economic trends continue for the next ten years as they have for the last ten years, we are not going to have a country worth saving. Our Prime Minister is so preoccupied with the linguistic issue that he has let everything else slide to the side. Hon. members on all sides of the House have stated the importance of leadership in government. We saw yesterday the type of leadership the Leader of the Opposition can give to this Chamber and to this country.

Some hon. Members: Hear, hear!

Mr. Elzinga: This leadership is also exemplified in the way the Leader of the Opposition has approached Bill 101, which

has been passed in the Quebec legislature. Under the British North America Act, the Prime Minister has two avenues open to him in his approach to the legislation passed in Quebec. The approach we have advocated is a reference to the Supreme Court of Canada to test the validity of the legislation.

The second avenue the Prime Minister has open to him under the British North America Act is that, if the federal government so desires, it can disallow provincial legislation, as long as it does so within one year. The Prime Minister has not seen fit to take either avenue, and we wonder where is his leadership in this issue. It is obvious when we travel through our constituencies that the two main issues in Canada today are national unity and the economic policies of our present administration. We have stated what we would do, in the event that we were the government, with regard to Bill 101, but let me share with the House why I feel the Prime Minister will not take this approach. I feel that the Prime Minister himself is in support of Bill 101. René Lévesque and our Prime Minister are in bed together.

Mr. Crouse: The odd couple.

Mr. Elzinga: When the sheets are pulled over their heads they are holding hands and laughing at the gullibility of the Canadian people on this issue, but when the sheets are pulled back they have a mock pillow fight simply for public consumption. Bill 101 is a fine example of that, and I hope the Canadian people will realize just what is going on between their Prime Minister and the leader of the government party in Quebec, who is dedicated to the break-up of Canada. There can be no doubt in the mind of anyone who has heard our leader speak in the national unity debate before this parliament recessed, about where our party stands on this issue.

• (1752)

An hon. Member: Oh, oh!

Mr. Elzinga: If the hon. member had listened to what our leader said he would be aware of where we stand. He should read *Hansard*, or listen to the debates.

We saw the government bring in wage and price proposals. We hoped that during the period wage and price controls were in effect the government would re-think its economic policy. In the 1974 election campaign this party stated that wage and price controls should be a temporary measure in order that we could realign the economic policies of the government if we should take power. The government has not taken advantage of the time available to it while wage and price controls were in effect.

When I speak of realigning the economic policies of the government I would point out that it is essential that it curb government spending and that there be a realignment of fiscal policy. This is what we advocated in 1974.

Traditionally a country grows according to its leadership. It becomes obvious not only to those who are sitting in this Chamber but to Canadians at large that Canada has been deprived of leadership for the past ten years. Canada is begging, searching, for leadership. In 1968 when the Prime Minister (Mr. Trudeau) took the reins of power with this government, very little was said about separation. Now in 1977 we have the government of one province dedicated to its separation.

I have dealt briefly with the economy and the national unity debate, Mr. Speaker. There is one other issue that I wish to share with you, however, and I do so with a certain amount of reservation. One is elected to parliament to express the views of constituents and often one feels rather hesitant about baring one's heart when aware of one's shortcomings.

This country was built by pioneers who had a deep dedication not only to their country, Mr. Speaker, but also to God. That is what is lacking today from parliament even in the direction that this country is going. We lack the moral idealism that is essential for a country to survive.

Let me just close by sharing with you the thought that it is time that we, as members of parliament, realized that governing Canada is expressed in the words over the doorway to the Parliament Buildings—"God shall have dominion from sea to sea."

Let us strive to show Canadians that we have set that example for them here in Ottawa.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): The hon. member for Churchill (Mr. Smith).

• (1756)

[*Translation*]

Mr. Pinard: I rise on a point of order, Mr. Speaker.

There is hardly two minutes left and we agreed with each party's representatives to adjourn the debate at six o'clock to allow the Minister of Finance (Mr. Chrétien) to have the floor at eight o'clock. The minister would be followed by a speaker for the Progressive Conservative Party, one for the New Democratic Party and finally one for the Social Credit Party of Canada. The agreement was that the previous speaker—the one who just spoke—would close his remarks at six o'clock. Since it is now a few seconds to six, I ask that the House call it six o'clock to comply with the agreement we had reached.

[*English*]

Mr. Baker (Grenville-Carleton): On the point of order, Mr. Speaker, that is the case. There are two and half minutes left and I understand that the hon. member for Churchill (Mr. Smith) wishes to speak and will complete his remarks by six o'clock in order that the arrangement the parliamentary secretary has mentioned can go ahead.

• (1758)

[*Translation*]

Mr. Pinard: Under these conditions, Mr. Speaker, and since we will come to nearly the same results, I have no objection to

the hon. member speaking for one minute and three quarters or so.

[*English*]

Mr. Cecil Smith (Churchill): Mr. Speaker, it was not my intention to speak before six o'clock but the events of today have brought drastic consequences to the nickel mining industry of Canada. International Nickel has announced that effective January, 1978, in Sudbury and that area, 2,800 people will be laid off, and at Thompson, Manitoba, in my constituency, 650 people will be laid off before the middle of 1978.

I think this is only the beginning of what is going to take place in the mining industry. In the budget the government made no reference to stimulating the mining industry and I should like to ask that the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of Finance (Mr. Chrétien), and the Minister of Energy, Mines and Resources (Mr. Gillespie) immediately convene a meeting with the mining industry of Canada to see if we cannot keep the mining industry in business until such time as they at least have an opportunity to look at the projected layoffs.

Some hon. Members: Hear, hear!

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

At six o'clock the House took recess.

● (2001)

AFTER RECESS

The House resumed at 8 p.m.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, let me first express my warmest congratulations to the mover and seconder of the Address in Reply to the Speech from the Throne, the hon. members for Louis-Hébert (Mr. Dawson) and Malpeque (Mr. Wood). They performed their task with the excellence that is traditional in the Canadian Parliament.

This is my first speech to the House of Commons as Minister of Finance. I would like to thank members from all sides of the chamber for their good wishes on my appointment. I know they join me in extending my best wishes to my predecessor, the hon. member for Rosedale (Mr. Macdonald). He has set an example to all of us in his sense of duty and his service to this country.

I have been fortunate in being able to attend two major international economic conferences and to discuss the problems of the world economy with finance ministers from many other countries. We all face difficult problems at this time. I was also glad to meet with my provincial colleagues recently. We had a good, frank discussion and I thank them for their advice.

I want to use this occasion to speak on the economy, on controls and on taxes. This is the first possible opportunity to inform the House of my decisions and to get rid of uncertainty. I also want to give the House the opportunity to pass the incentive measures of the last budget and any additional measures that I will be proposing tonight as quickly as possible.

[*English*]

Let me report on the economic situation as I find it.

We have made some progress in bringing down the rate of inflation. Wage increases have slowed down. Increases in non-food prices have been reduced steadily since the start of the controls program. But there have been some setbacks this year because of higher food prices and a weaker Canadian dollar. We have a long way yet to go.

Output has not risen in the last few months as we had hoped. Even if we do much better in the second half of this year, total output in 1977 is only going to be about 2 per cent higher than it was in 1976. Independent forecasters are calling for gains of only 4 to 5 per cent next year. That is not enough to bring down the rate of unemployment.

More people are at work in Canada. Indeed we have already just about achieved the goal set in the last budget of 250,000 more jobs. But the numbers of Canadians wanting to work has increased even faster. Unemployment has risen to 8.3 per cent for Canada as a whole.

We must find more jobs. I will not be satisfied until everyone who really wants to work can find a job. But I cannot promise any miracle solutions. It will take time and effort to overcome our unemployment problems. No one should think that there are any easy answers.

Our balance of payments situation is unsatisfactory. It is true that our exports have risen as a result of the recovery in the United States and elsewhere. This is giving rise to a trade surplus of over $2 billion this year. But we need an even larger surplus. We have had a large increase in our tourist deficit. Furthermore, the deficits on interest and dividends and other services are large and growing. These facts have made the Canadian dollar vulnerable, and it has declined in value.

Finally, the revenues of the federal government are growing more slowly than expected. As a result, our cash deficits are now so large that room for manoeuvre is very limited.

These are the facts we have to face. They stand in sharp contrast to the potential for growth in this country. We have the resources, the land, the skills and the tradition of hard work. We have grown faster than most other countries in the past and there is no fundamental reason why we should not do so in the future.

I do not want a temporary surge which cannot last and which will start the process of inflation all over again. But I do want sustained growth of between 5 and 6 per cent in order to bring unemployment steadily down. The expansion should be led by exports and business investment. We need to improve our trade balance even further and to reduce our tourist deficit in order to put our balance of payments into better shape. The

business community should be planning now the new factories which will be needed to produce more in the future.

Government spending should grow less rapidly, but consumer spending can and should grow in line with the economy as a whole. It is this growth, together with higher exports, which will reduce the excess capacity in the economy and create the demand for more capital investment.

What is holding us back? I think there are three things.

First, our markets abroad have not grown as fast as had been expected. World prices of wheat, wood pulp and base metals have been disappointing. All countries need to do what they can to get the world economy going again.

Second, we are paying the penalty for letting our costs get out of line.

This is part of the reason why imports have taken an increasing share of the domestic market away from Canadian producers, why there has been such a sharp fall in manufacturing jobs, why we have lost ground in tourism, why new plants are being built in the United States rather than in Canada. Wages are not the only source of these higher costs, but they are the larger part. With controls we have seen new wage increases come down from 20 per cent in 1975 to 8 per cent recently. So we are no longer losing ground compared to the United States. But we have not made up for the ground lost in the past.

We have had to give more protection to some of our weaker industries like textiles by restricting imports. But this is only a short-term solution. We need lower—not higher—trade barriers here and around the world if we are to build efficient manufacturing industries and increase our productivity. The drop in the value of the Canadian dollar has helped in restoring our competitive position. But this is not a fundamental solution to our problems. A falling exchange rate pushes up many costs and prices in Canada. The answer must be found in getting the rate of inflation down, in bringing our costs into line with those of our main competitors.

● (2010)

[*Translation*]

The third thing holding us back is a loss of confidence. In part this is a result of inflation, slow growth and high unemployment. But the present wave of pessimism seems to have gone too far. It gives too little weight to the progress we have made in wringing out the excesses of the past and building a better basis for future growth.

In part this is a result of political instability. People are concerned about whether Canada will remain a united country and that concern has added to our economic difficulties. I have no doubt whatever that the people of Quebec overwhelmingly believe that Canada is their country. Quebec will not separate from Canada. But until separatism is defeated, it will impede the economic progress not only of Quebec, but of the rest of the country as well.

I want to do all I can to dispel uncertainty—by speaking for a united Canada, by standing firm against inflation, by keeping down our spending and our taxes and by announcing clear-cut decisions on controls and the economy.

But I need the help of all Canadians. Government cannot do everything itself. A healthy economy is dependent upon a healthy private sector. Consumers must be able to spend more and the private sector must be able to plan its investments with more certainty.

As I have said, there are no miracle solutions to our economic problems. Progress will be slow and it will require hard work, more productivity, lower expectations and greater responsibility on the part of all Canadians.

To stimulate demand without increasing the danger of inflation, I am announcing tonight:

1. A phase-out of controls beginning on April 14, 1978.

2. A personal income tax cut of up to $100 for low and middle income taxpayers.

3. Further job-creation programs.

4. An employment credit for job creation.

5. The maintenance of strict restraint on government spending.

I turn now to a discussion of these proposals.

● (2012)

[*English*]

The key elements of the anti-inflation program launched two years ago were price and income controls, a gradual slowing down in the growth of the money supply, restraint of government expenditure and wide-ranging improvements to the structure of the economy.

We continue to give full support to the Bank of Canada in reducing the rate of growth of the money supply and we remain committed to expenditure control. It is our firm intent to keep the increase in our spending within the growth of the economy. We have achieved considerable success, as have the provincial governments.

Our expenditure ceilings are coming under very heavy pressure. Slower growth of the economy is costing us more in unemployment insurance, in payments to the provinces and in interest on the public debt. We are faced with higher outlays as a result of lower wheat prices and the very bad weather during this harvest. Despite these pressures, we will do whatever is necessary to stay within the ceilings set by my predecessor last March.

The controls on prices, wages and other incomes have contributed greatly to checking the inflationary spiral in our economy. But they should not be a permanent program because the government does not believe in excessive intervention in the marketplace. While controls cannot be removed immediately, phased decontrol will begin on April 14, 1978, two and one-half years after the program began.

The further period of control will enable us to make more progress in bringing down the rate of inflation and in reducing inflationary expectations. In the next few months we will

amend the Anti-Inflation Act to ensure effective administration of controls during the period of transition and to minimize the risk of a bulge when controls come off. We will also proceed with establishment of an agency to monitor and report upon price and cost developments.

In the phased process of decontrol beginning next April 14, employees will be free of controls for their guideline years which start after that date. Business will be free of price and profits controls for their fiscal years which begin after that date.

Changes are being made in the guidelines for the third year of the program. They are fully explained in the Supplementary Information I will be tabling. Briefly, the basic guideline for wages and salaries will be 6 per cent. The experience adjustment factor will continue to apply. Dividends will remain under control. The permissible increase will be reduced from 8 per cent to 6 per cent, the same amount as for wages and salaries.

We have no choice but to keep slowing down the increase in costs if we are to get the economy going again and reduce unemployment. Barring unforeseen events, the rate of inflation will come down below 6 per cent next year, so the lower guideline will not lead to a fall in real incomes. Furthermore, I am taking steps to ensure that the take-home pay of lower and middle income workers will increase.

In fact, in the last two years, we have been right on target. We were two points lower in the first year. This year, because of the circumstances I have explained, we are two points higher. That totals exactly the same.

If we had left the regulations unchanged, the guideline would have been about 8 per cent because the consumer price index has gone up by more than the price target this year. But I would like to emphasize that the first two years of the program taken together were just about on target. We did better than the target by almost 2 per cent in the first year and seem likely to fall short by about the same amount in the second year. This was due to two main factors. First, food prices fell in 1976 and then rose sharply in 1977. Second, the Canadian dollar remained quite strong through much of 1976 but has since fallen quite sharply. This has pushed up the prices of the things we buy abroad.

There is no way in which we can protect Canadians from the loss of real income caused by higher import prices. If money incomes were allowed to rise correspondingly, the inevitable result would be still higher prices and we would be worse off.

I turn now to fiscal measures.

While my room for manoeuvre is very limited because of large deficits in our accounts, I believe we can do more to stimulate the economy. The measures I have chosen will serve several purposes. They will offset the cut in the wage guideline for low and middle income wage earners. They will stimulate consumer spending and housing. And they will create jobs.

First, I am cutting taxes for low and middle income taxpayers by $100. I propose to do this by increasing the minimum amount of the 9 per cent federal tax credit from $200 to $300.

This will apply only to the 1978 taxation year. The value of this additional $100 cut will be more than $700 million.

To provide quick stimulus, the reduction will be concentrated as much as possible through the January and February deductions at source. The take-home pay of millions of employees will increase by $50 in January and $50 in February. Many will enjoy a holiday from federal income tax in those two months and some for the whole year.

[*Translation*]

Here are some examples. A typical married taxpayer with two children and an annual income of $15,000 will see his federal tax reduced in January and February by the full $100. If his income is $10,000 or less, he will pay no federal tax at all in these two months. If he earns about $8,500 or less, he will have a holiday from federal taxes for the year as a whole.

Over 7,500,000 taxpayers will benefit from this tax cut. About 6 million will receive the full $100 cut.

I also wish to announce that the indexing factor for the personal income tax for 1978 will be 7.2 per cent. This means that the basic personal exemption will increase from $2,270 to $2,430. For a family of four, total personal exemptions will rise by $360 from $5,120 to $5,480. In total, Canadians will pay $850 million less in taxes next year as a result. I only regret that the importance of indexation is so often forgotten or ignored in public discussion. That is why I am pleased to repeat it this evening—taxpayers will benefit from an additional $850 million exemption in the early part of the year.

I now turn to our measures of direct job creation. We have already allocated a total of $450 million this year for Canada Works, Young Canada Works and the other job creation programs. These programs will be maintained at this very high level for 1978-79. In addition, we are providing $150 million for work projects with a high employment content. These will be focussed on high unemployment areas beginning immediately. In total, for the current and the next fiscal year, the government will be spending over one billion dollars for direct job creation. All of these funds are being provided within the expenditure ceilings to which we are committed.

The new funds, the additional $150 million, come from the budgetary cuts made by my distinguished colleague the President of the Treasury Board (Mr. Andras).

Mr. Speaker, I also expect to introduce shortly a new program of employment credits for private business firms. This will be a new approach to job creation in Canada, and I have to give careful study to alternative ways for carrying it out efficiently and effectively. I fully expect, however, that legislation will be introduced to initiate this new job credit plan early in 1978, at an approximate cost of up to $100 million. Last, I am taking this opportunity to announce some other tax changes. I will be extending by regulation the fast write-off for anti-pollution equipment until 1980. I will also be extending by regulation for another year the special provision permitting taxpayers to offset against other income their losses on rental housing generated by capital cost allowances. This will maintain the incentive for the construction of multiple unit residen-

tial housing. I am bringing the capital cost allowance on wood-frame buildings into line with other kinds of buildings. Furthermore, tonight's Notice of Ways and Means Motion includes changes relating to life insurance, corporate surplus and loans by companies to their employees. As a result of representations from members on all sides of the House, I will not be proceeding at this time with the measure for taxing the investment income realized by a policyholder on the death of the person insured. Details are provided in the supplementary information.

● (2022)

[*English*]

Members will recall that the March budget proposed $1.5 billion in tax reductions to stimulate the economy. It included a tax reduction for middle and lower income families of up to $50 for each child. It also increased by $100 the employment expense deduction. There were significant measures to improve profitability and encourage business expansion. The investment tax credit was extended and increased. A 3 per cent inventory allowance was introduced. The dividend tax credit was enriched. All these measures are being reintroduced in the Notice of Ways and Means Motion tonight.

Long delays in passing tax bills add to uncertainty. We should move swiftly to enact the measures proposed in the last budget and the new measures I have proposed tonight.

Finally, I want to say a word about the exchange rate. The policies we are following of getting our costs down and our employment up are directed at our fundamental problems. With such policies, our balance of payments will improve. We have operated in the market to maintain orderly conditions. This has involved some loss of reserves during the recent period of decline in the exchange value of the Canadian dollar. However, our reserves remain substantial, and we have the capacity to supplement them substantially should the need arise. We will continue to follow our floating exchange rate policy. I am convinced that confidence in the basic value of the Canadian dollar can best be promoted by sound domestic policies, and not by artificialities.

I should like to repeat, now, something I have said before. There is absolutely no idea in the mind of the government of imposing exchange controls. I know there was a story which was printed and widely circulated and which created some problem, and I know that unfortunately many Canadians have perhaps moved money out of Canada because of that story. I think it is extremely regrettable because it could cause some problem for the Canadian dollar. That is why I want to state tonight we have no intention at all of imposing exchange controls in Canada.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, I would now like to table the Notice of Ways and Means Motion, projections of the government's revenues and expenditures, supplementary information on the controls program, the text of the government's statement of July 29 to business and labour on decontrol and post-control arrangements, and details of the tax changes. I shall ask that the Notice of Ways and Means Motion be appended to today's *Votes and Proceedings*.

Even though we are holding firm to our expenditure ceilings, our total financial requirements are now forecast to increase from $5.5 billion in 1976-77 to $8.5 billion in 1977-78. They will be even larger next year, mainly because we will be paying off $2 billion in accrued interest on Canada Savings Bonds. In these circumstances, to attempt to do even more at this time through fiscal pump-priming would clearly be counterproductive.

With all these measures at work, we can expect the economy to grow in real terms by 5 per cent next year. To do better than that will require a concerted strategy of change and improvement in the structure of our economy extending over the medium-term period ahead.

We have made a start on important elements of that strategy. In the critical energy area, for example, wide-ranging policies on pricing, taxes, and joint private and public investment are helping to develop new sources of supply, improve distribution and economize on use. In the housing area, we are well on the target of a million more houses for Canadians over four years. Federal funds and support are being increasingly channelled into assisted home ownership and rental for people of modest income. We have successfully proclaimed the 200-mile limit for fisheries jurisdiction, to assure effective management and conservation of that valuable resource. For business generally, we are making progress in diminishing unnecessary regulation and filing of statistical forms. The need for efficiency and higher productivity is increasing as we move closer to the hard bargaining of the multilateral trade negotiations.

In all these, and many other areas, much more has to be done by investment policy and basic structural changes. We intend to promote such changes, to seek the active co-operation of the provinces, and to engage as widely as possible in consultation with business, labour and other economic interest groups.

● (2032)

[*Translation*]

Mr. Speaker, we must realize that these are difficult times for Canada both economically and politically. But these are also challenging times because Canadians must rededicate themselves to the building of a stronger, more prosperous and more united country.

The solutions to our problems are not easy and they will not all come from government. We must realize not only that the resources of government are limited, but also that we do not want in Canada the type of society where everything comes from the state. Therefore, there will not be any large new social programs nor greatly increased government spending. To maintain our standard of living, all Canadians must learn to work harder, to be more efficient and to be more productive.

While we have serious problems, we should not exaggerate them. Franklin Roosevelt once said that the only thing to fear

is fear itself. I am not afraid. I will not trade the problems of Canada for those of any other country in the world and neither will any member of this House.

In building a country, we have had to cope with all the problems inherent in developing a new land, in fighting a vast geography and a harsh climate, in experiencing severe economic depression, in accepting international responsibilities, in living in an age of great complexity and tremendous change, and we have succeeded.

We must adopt once again the spirit of those who built this country, a spirit of adventure and initiative, a taste for risk, and the determination of the explorer. This is the challenge we must meet.

• (2035)

This country has been too good for too many of us to let it be destroyed! I know that the vast majority of Canadians want to roll up their sleeves, use their imagination, create, and produce in the manner of those who came before us. Each of us has his own contribution to make. Let us do so with enthusiasm. This is the only way we can leave to our children the heritage which we have received—a country rich in the diversity of its people and its natural resources, vast, generous and tolerant, a country which has been, which is, and which will be the envy of the entire world.

[*English*]

Mr. Speaker: As I am sure all members are aware, the Minister of Finance (Mr. Chrétien) was granted some leniency in terms of time when he was making his rather major statement. Certainly, if the occasion arises, the same courtesy will be extended to those who respond to him on the other side of the House.

In order for the minister to append a notice of ways and means to the *Votes and Proceedings*, an order of the House is required. Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in joining in this debate this evening may I also add my congratulations to the mover (Mr. Dawson) and the seconder (Mr. Wood) of the motion, who spoke to us earlier. Our time is limited tonight, and first I should like to say that I feel the budget which was delivered tonight, because it is really a mini-budget, has some good in it and some bad.

Some hon. Members: Right on!

Mr. Stevens: Let me tell you what was not in the minister's statement tonight.

An hon. Member: The truth.

Mr. Stevens: The government offers little hope for those one million Canadians who will be looking for work in the cold wintry months ahead.

[Mr. Chrétien.]

Some hon. Members: Hear, hear!

Mr. Stevens: There is little hope for the youth in our country who will be seeking their first job opportunities in the midst of the worst economic conditions in at least the last 30 years.

Some hon. Members: Hear, hear!

Mr. Stevens: For those out of work in our five eastern provinces and for those out of work in all of those high unemployment areas of Canada, let them not look to Ottawa for help, judging from this statement tonight.

Some hon. Members: Hear, hear!

Mr. Stevens: Sure, hon. members will recall that the right hon. Prime Minister (Mr. Trudeau) only yesterday, and the Minister of Finance (Mr. Chrétien) tonight, spoke about $150 million for the unemployed. What is that in relation to the million unemployed?

Mr. Baker (Grenville-Carleton): Nothing!

Mr. Stevens: It is $150 per unemployed person in this country.

Mr. Paproski: Shame!

Mr. Stevens: Expressed another way, that $150 million may mean 16,000 fresh jobs—with one million out of work in the country. That is this government in action!

Before this evening we had one million unemployed in Canada and we were heading toward our worst winter since the dirty thirties. Having heard the minister's statement tonight, I would suggest we are still heading for that type of winter.

Some hon. Members: Hear, hear!

Mr. Stevens: As I have said, there is some good in the budget tonight, and some bad. Frankly, I am pleased that the government has responded to our constant demand to reduce taxes, as far as the personal income taxpayer of this country is concerned.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, two budgets back we first raised the significant point that Canadian taxpayers were being overtaxed, and we asked that there be a substantial reduction in their favour. At the time the budget was tabled in March, 1977, we renewed our request, and only yesterday the Leader of the Official Opposition (Mr. Clark) asked once again that there be a considerable tax reduction for those earners, especially below the $16,000 a year level.

Some hon. Members: Hear, hear!

Mr. Stevens: I am pleased that at long last the government has responded to that request. I only wish in future it would

respond a little more quickly for the sake of Canadians when we request something.

Some hon. Members: Hear, hear!

Mr. Stevens: When we speak about significant tax cuts—and I wish to touch on certain other tax breaks which I think the Canadian public is entitled to—let there be no doubt that we are simply suggesting not a greater deficit, but less federal spending, because we believe if this government were less wasteful there could be a significant further tax reduction for the Canadian public.

Some hon. Members: Hear, hear!

Mr. Stevens: How many of us still remember how startled we were, speaking about waste, to learn that last year alone the government spent almost $1 million on cab fares getting around Ottawa?

An hon. Member: Shame!

• (2042)

Mr. Stevens: And yet they tell us they do not know where they can trim the fat.

An hon. Member: Participaction.

Mr. Stevens: Before this evening we had an inflation rate of more than 8 per cent and the almost certain prospect of a higher rate in the months ahead. Having heard the minister's speech, realizing that he predicts a 6 per cent rate for next year, I would suggest that we will not attain that rate in that there is already a 4 per cent built-in inflation on the devaluation of the dollar over the next two years. It is the minister's own officials who have said that that will be so.

Frankly, I would suggest that one further tax cut that the minister neglected to make was a substantial reduction in the sales tax that is charged to Canadians from coast to coast.

Some hon. Members: Hear, hear!

Mr. Stevens: Why should the federal government, for example, make more in the sales tax alone on every car sold in this country than the manufacturer, the wholesaler, the retailer, or any provincial government? That fact is true of many other articles as well. The saddest thing of all is the use, as I have said, of the money that the government receives. Speaking about how it spends that money, I wonder how many Canadians were pleased to learn that the Minister of Agriculture (Mr. Whelan) flew on government aircraft a total of 361 times during the last three and a half years, surpassing even the rather staggering record of the Minister of Transport (Mr. Lang).

Some hon. Members: Oh, oh!

Mr. Stevens: Let me point out to the Minister of Finance that, surprisingly, in his statement, no meaningful reference was made to small businessmen. Certainly any hope that they will have less bureaucratic control evaporated with the statement which we have just heard read into the record. It is disappointing that this sector of our economy which produces most of our jobs continues to be ignored by this government which loves bigness for the sake of bigness. The small businessman is ignored by this government which is more concerned about arranging $100 million loans for a corporate few than about helping small businessmen who sometimes ask for a few thousand dollars to help create jobs.

I have said that there is some good and some bad in the minister's statement. One of the good things was the dropping of the proposal to tax life insurance proceeds that were going to beneficiaries in Canada.

Some hon. Members: Hear, hear!

Mr. Stevens: Imagine, if that legislation were allowed to pass through this parliament it would have meant that Canada would have been the only country in the world to have found it necessary to tax money that was literally payable to widows and orphans out of life insurance proceeds. Let there be no doubt as to why the government backed down from that taxation proposal. It was because of our insistence on this side that we did not want such retrograde taxation.

Some hon. Members: Hear, hear!

Mr. Stevens: Only a month or so ago the leader of my party sent a personal letter to the Minister of Finance asking him to reconsider that tax.

Some hon. Members: Hear, hear!

Mr. Stevens: I could go on, but let us first remember why the government needs these funds which it has shown us tonight are growing further in the form of tax revenues. It needs the funds because it has expanded its spending at such a rate that its deficit in this year alone is estimated to be $9.2 billion.

Some hon. Members: Shame!

Mr. Stevens: To put that deficit into perspective, let us remember that $9.2 billion was almost the size of the total federal budget when the Prime Minister took power in this country. We are told in addition in the minister's statement that not only are we faced with $9.2 billion this year but that next year we have to budget for an additional $2 billion in the form of accrued interest on the debt that this government has run up.

When we speak about tax reductions such as the lower sales tax to which I have referred, let there be no doubt—and I underline this—that we believe $1 billion could be slashed from the government's spending plans with no trouble at all.

Some hon. Members: Hear, hear!

Mr. Stevens: We are not talking about bigger deficits, we are not talking about bigger federal outlays, we are talking about less. In short, we say: restore the income base of

Canadians, limit government spending, and we can all enjoy less taxation in this country.

Before this evening our economy was virtually standing still with at least one fifth of our productive capacity sitting idle. Having heard the minister's speech I would suggest that we are still facing that kind of stagnation. Before this evening our dollar had plunged to 90 cents because the world had lost confidence in the government. Having heard the minister's speech, we doubt if that confidence will be renewed tomorrow. In short, only the face of this ministry has changed in the person of the new minister. We have had ten years of economic mismanagement and the government apparently does not learn quickly. In short, it is a government which has systematically demonstrated that it is incapable of managing the Canadian economy.

Some hon. Members: Hear, hear!

Mr. Stevens: You will recall that only yesterday the Prime Minister started to change like a chameleon. Now that his spending spree has caused such harm in the country, we find that the Prime Minister is starting to run with the hounds after having run with the hares. He certainly tells us, you will recall, that we must now be disciplined, that we have grown too soft. But he scarely glances at his own government's lack of discipline. Now he tells us that the goals that we rightly thought attainable in this country—and I suggest most members of the House would agree—are now unattainable. He tells us that our expectations are too high. Imagine, our per capita average income when he took power was second in the world and now it has fallen to tenth, and he tells us that our expectations are too high. Just guess who is ninth? Luxembourg!

Some hon. Members: Oh, oh!

Mr. Stevens: In view of his new demand for harsh discipline I would like to remind the Prime Minister of a statement he made at the Ottawa Canadian Club in 1972. Probably he does not like to be reminded of this, but I will quote him: He said:

> Well, this tremendous growth which is within our grasp is really fantastic. It really boggles the mind to think that one half of our productive base is only beginning to be built now—the productive base that we will have in 1983. Now this, I submit, means the revolution of rising expectations can be very high indeed and still be capable of fullfilment.

● (2052)

Now the Prime Minister tells Canadians they should not have any expectations at all. Frankly, those expectations can still be attained in this country with proper direction from Ottawa, and we would be pleased to deliver it.

Some hon. Members: Hear, hear!

Mr. Stevens: We can be once again not just number two but number one in the world, but we have a Prime Minister who, when he cannot attain certain goals, is a bit like a hockey player. Not being able to put the puck in the net any more, he says, "Widen the net".

[Mr. Stevens.]

We have been told tonight that there will be a phasing out of wage and price controls beginning on April 14 of next year. Frankly, I wonder whether the minister can be believed when he speaks about ending wage and price controls. We had the Prime Minister telling the country on the weekend that we must accept a new discipline, and then he came into the House and said that an example of the new discipline he had in mind was the controls program.

Let us not forget that it was the Prime Minister who, in the 1974 election campaign, promised the Canadian public that he would not institute wage and price controls, and then did so after his election. Can they be believed when they suggest that they are going to go into a decontrol phase period by April 14, 1978?

Some hon. Members: No way.

Mr. Stevens: The frank truth is that we have a Prime Minister who believes in state intervention. He believes that he and his mandarins know better how to run our lives than we do ourselves. In short, he likes controls for others. That is why I suggest to this House that while we are to go through an apparent decontrol program, if the present Prime Minister should ever gain re-election with a majority, we will be stuck with controls for an indefinite period, and that is the truth.

On another occasion I should like to outline some of the plans we would like to see instituted which we feel would restore the momentum of the economy and which would make us once again a viable country. However, I know our time is limited, and I would like to give some time tonight to the hon. member for Waterloo-Cambridge (Mr. Saltsman) who, I know, is anxious to speak in this debate as well.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, to begin with I should like to congratulate the mover and seconder of the motion for an Address in Reply to the Speech from the Throne, and I should also like to thank the hon. member for York-Simcoe (Mr. Stevens) for giving me at least a few minutes of his time.

I want to congratulate the Minister of Finance (Mr. Chrétien) and wish him well. He is a man who is very likeable, and for that reason it is a grave disappointment to see the kind of mini-budget he brought in tonight. It is a disaster of the greatest proportions. At a time when the country desperately needs measures, or an understanding of the crisis we face, the minister gives us more of the same things which have brought us to the condition we are in now. We hoped for more from this minister. It is not that we expected he could pull some rabbit out of a hat or work some miracle in the four or five weeks he has occupied his ministry, but that he would at least have some understanding of the kind of serious situation we face in Canada. He read his speech well, but having read it well does not change the fact that he just had platitudes and banalities to put forward.

The minister says that there is no fundamental reason why we should not continue to grow. We have grown faster than most other countries in the past, and there is no fundamental

reason why we should not do so in the future. The evidence is quite clear that not just Canada but other countries in the world cannot expect the kind of growth which has taken place in the past, and that the sooner this government gets down to recognizing that something important and fundamental has changed in our society, the sooner we are going to come up with answers.

There will be a few dollars thrown around to do one thing or the other, but we are never going to come to grips with any of the problems. The minister is trying to carry water in a leaky bucket, and until he fixes the leaks in that bucket he is not going to have much effect. It is one thing to admire his industry and his running back and forth with his leaky bucket, but it is another thing to accept the results. What is disturbing to me, and to many people like me, is the kind of complacency and unawareness we see on the government side with respect to what is going on in this country.

Mr. Benjamin: Like Herbert Hoover.

Mr. Saltsman: My colleague is right. Herbert Hoover sounded like a sage compared with the kinds of things we heard from the minister tonight. As I said earlier, I did not expect the minister to come up with all the answers, nor do I anticipate that I can put forward all the answers and find a solution to the problem, but the troublesome thing is that the minister is not even asking the right questions, let alone coming close to any kind of solution. There are changes taking place in our society which I think should be evident to everyone. There simply will not be enough jobs to go around, and it is not just a matter of throwing more money into creating more jobs. The system is not working.

A couple of years ago the Prime Minister (Mr. Trudeau) made a speech which horrified his colleagues. He said that the market system was breaking down. He was closer to the truth then than he has been since. The market system is in fact breaking down. Things are not working. Certain things which are supposed to have one effect are not having an effect at all, or they are having a contrary effect. We will look at some of those things.

Over the last number of years there have been tax cuts of various kinds, very much like the mild tax cuts or the indexing system that the government is proposing tonight. Those tax cuts were supposed to stimulate consumption. During that period when those tax cuts were taking place—and they included sales tax cuts—consumption declined, and nobody asked why. One of the reasons is obvious. Whether they are tax cuts or tax credits, they go to the wrong people. Sure, some of it trickles down, and whenever it does the relatively less well off people receive benefits from our taxation system, but the maximum benefits go to those who already have a great deal.

The minister seems to be very proud of his announcement about how much money is going to be saved by indexing. Some money will be saved, and the amount will be substantial, but let us take a look at how those savings take place. A married taxpayer under 65 with two children under 16 and earning $5,000 a year—that is the government category—saves $1. However, a member of parliament, or someone who earns over $30,000 or $20,000 a year, saves $195. That is some justice. A person fortunate enough to be making $50,000 a year saves up to $537. And then we wonder why these tax cuts that have been made over the years are not having any effect.

● (2102)

If you look toward the savings package it is quite clear what is happening there. At the same time that these tax cuts are being instituted, the government is providing other benefits. Those who are well off and can put their money away in Registered Retirement Savings Plans or Registered Home Ownership Plans do so. They do not put their money into consumer goods.

The truth of the matter is that for many people in our society, tax cuts do not stimulate the consumption that is supposed to provide jobs; they simply go into savings. The people who have needs, who are not saving, who cannot save—the people who would buy stoves, refrigerators and houses, do not have the money. They are not even in the tax system. This whole business of looking toward tax cuts as an answer to our problems has to be seen as an obvious failure, yet the government continues with this kind of approach reinforced by my friends on the right.

Very often the government tends to pick up the ideas of my friends to my right—whenever they pick up any ideas that is where they look. The indexing system was an idea put forward by the Progressive Conservatives, and I think we are paying very dearly for the indexing of income tax. It is one thing to index at lower levels where it gives a more fair distribution of income. When you index at all levels, however, there are very substantial tax savings for the very rich.

The government budgeted for a deficit of some $5 billion—an unheard of deficit—and now finds itself with an $8 billion deficit which is having virtually no effect on stimulating the economy. That was supposed to work. Large deficits were supposed to provide stimulus to the economy and to provide jobs. They are not providing jobs. The tax cuts were supposed to provide incentives to consumption, which was again supposed to provide jobs. They are not providing jobs.

It should be obvious that the system is failing, Mr. Speaker. The system is not working, yet what we have seen tonight from the Minister of Finance is the same old patchwork on the same old leaky bucket. He seems to expect the country to see this as something of value or benefit.

Mr. Woolliams: There is no water in the bucket.

Mr. Saltsman: Some of it stays in, but not very much. If we examine one of the proposals the government has put forward tonight, it can be conceded that it cannot be wrong about everything. Here it is on the right track. It suggested putting $150 million into federal spending for job creation. What we would like the government to consider—and we have an amendment to this effect—is that the $1.2 billion in tax incentives to industry that appeared in the last budget should

be wiped out and added to this $150 million in order to provide jobs.

It is all right for my friends to the right to say the government should get out of business and that the government should get out of the economy. That is exactly what the government has been doing in the last few years in response to the suggestions from my friends in the Progressive Conservative party. It has been cutting back on government expenditures—or trying to; it has been responding in a more conservative way than the Conservatives themselves. What has been the consequence? It has been high unemployment. The theory has been that if the government gets out of the economy, then private industry is going to rush in there and create jobs. They say "free private industry—unfetter the hands of private industry to create the jobs." Private industry has been unfettered, and we have fewer and fewer jobs.

Just this morning my colleague, the hon. member for Nickel Belt (Mr. Rodriguez), told me the very sad news that something in the neighbourhood of 3,000 people in Sudbury and 650 in Thompson are to be laid off. That is unfettering the private sector, Mr. Speaker!

I do not blame the private sector for not being able to create jobs. If the world market for nickel is depressed or if other factors are involved, they cannot be blamed for creating this situation. The point I am trying to make is that they are not in a position to provide jobs despite the fact that mining incentives have been given and tax write-offs have been given. The government has foregone $1.2 billion of tax revenue and that has to be made up by someone else. Despite all this, there are fewer and fewer jobs in the private sector. It is not that the private sector wants to be contrary. If the demand is not there—if foreign countries are not buying the resources that unfortunately we were too dependent upon for too many years, if people are not buying goods and services in our economy, then business cannot respond. In a modern society the stimulus comes from government and no longer from the private sector.

The private sector is certainly a very useful part of our society and should be encouraged. I for one have no hang-ups about that. Many of the groups in the private sector do a good job, but they are no longer in command of the situation. My friends to my right and perhaps across the way might say that is because Canada has become very socialistic. I think the usual phrase is, "business has lost its confidence in the economy, has lost its confidence in the government". I see there is agreement from my friends in the Progressive Conservative party on that statement.

Mr. Bawden: It is the first correct thing you have said.

Mr. Saltsman: Then how do you explain the fact that the United States is also going through a recession? Are they socialists?

Mr. Bawden: Their dollar state is better than ours.

Mr. Saltsman: Their dollar is dropping very, very dramatically in relationship to the British pound, of all things.

[Mr. Saltsman.]

While the government can be blamed for a lot of things—and I think in relative terms we could have been better off than Luxembourg—if you really look at what is happening in western society you will see that what we are going through is something virtually every society in the industrialized world is going through. There is inflation all over the world; even in countries where unemployment has been unknown for 30 years there is now unemployment. There is a crisis of some kind in the west. In many ways, and what I was going to say is annoying but it is more than annoying—it is sickening—

Mr. Alexander: Repugnant.

An hon. Member: Revolting.

Mr. Saltsman: The adjectives are coming from all sides of the House from people who have a way with the English language. This is what is so disturbing, having listened to the minister tonight—nowhere in the speech is there any kind of thinking, any kind of clue or assurance that he understands the problem we face. It is always more of the same—"things are a little tough but they are going to improve".

If we look at the history of western society in the early thirties—I am not predicting a recession of the kind we went through then—I see the same set of attitudes, the same kind of blindness, the feeling that prosperity is just around the corner. I see the same kind of oblivion to the fact that society had broken down. It took the preparation for war and the war itself, ten years of misery, to extricate the western world from the mess it got into.

We have gone through that. We had Keynesian economics. We have had a relatively high level of prosperity in all the western world for 25 or 30 years, but again the free enterprise system, the market system, is facing a crisis. It is a crisis of a different kind, however. The crisis in the depression was one where there was not enough investment, enough stimulus, enough consumer buying power. To some extent that is the same as now, but with this difference—that during those times you had a tremendous, pent-up demand for virtually everything. By government pump priming you were able to get the economy going.

• (2112)

Certainly the determination of Canadians following the Second World War to make sure that we would not go into the same recession that we went into after the World War I gave us prosperity with Keynesian economics. It taught us that if the private sector does not invest then the public sector has to invest, and to that extent the situation is similar today. The private sector is not investing, and why should it invest? It is not a question of consumer confidence; it is not investing anywhere. The point is that plants are idle in many cases, though perhaps not totally idle. They are operating at 80 per cent of capacity. So what is the incentive to invest? The only way investment will take place is if the demand is there. I do not think the private sector would invest any faster if my hon. friends on my right were sitting on the government benches.

Mr. Fraser: Let us just try it.

Mr. Saltsman: That would be a very heavy risk to run. That is really what we have to face, Mr. Speaker.

What is happening? I think one thing that is happening is that the causes of growth have changed. We are no longer in the same kind of world we were once in, a world in which growth was fueled by new frontiers or war. We do not want war or revolution to fuel growth. Growth was fueled by large numbers of children, family formations following the Second World War and for years afterwards. New households were formed, and this called for houses and for all kinds of other goods and services.

Growth was also fueled by immigration. Immigrants who came to this country, contrary to what some people think, created more jobs than they were supposedly to take away. They created a boom in our economy. We went through that, but now we have reduced immigration. There was a pent up demand that was there. There were inventions, such as radios, television. All kinds of things were invented. Now, rather than these inventions spurring on demand, they are creating such automated processes as to wipe out jobs. Many of the incentives which we provide for investment at the same time are destroying jobs that we are supposed to be creating.

This is something that will be on for a long time. I am not suggesting for one moment that we bring back the Luddites and smash up machinery; I am simply suggesting that we have to face the reality of a changing society. There was a time when we had cheap energy. We could do all kinds of things because we never worried about energy. But the days of cheap energy are over.

There was a time when people polluted the atmosphere. They did not care about the environment or the consequences of pollution. You had great productivity and you dumped all your waste into a river. We will not stand for that any more. You cannot live off nature in that particular way; things have changed.

There are many hon. members who have been thinking about these problems in the way I and my colleagues have been thinking about them. We have to face the fact that there are not going to be enough jobs to go around, certainly not with the kind of proposals which the government is putting forward. Even if the government were to listen to us, and I think it should, and it took the $1.2 billion in its last budget which it is going to give away as tax incentives, and put it into direct job creation, the situation would improve. If it is going to get 50,000 jobs—although I think that is high—out of $150 million worth of investment, Mr. Speaker, you can calculate how many more jobs it would get if it would put those incentives into direct job creation. The incentives have not demonstrated that they have been effective anyway; they have just been giveaways and have done very little good in terms of creating employment.

If that is the case, then we have to be thinking along some new lines. I see from this morning's paper that the American Congress and Senate have both decided to remove their clause stipulating compulsory retirement. We should be going the other way. We should be reorganizing our old age pensions to make it optional for people to retire at an earlier age, in order to provide jobs for young people coming into the labour market.

In principle it sounds like a great idea to say no one should be forced to retire at 65—until you start to look at it. Who are the ones who are hanging on to their jobs at the age 65? They are the executives, the guys with the cushy jobs and the seniority, and they are not letting the others in.

Mr. Fraser: Some have brains and talent too.

Mr. Saltsman: Yes, they have brains and talent too. My colleagues should not get so excited, because any one of us may be forced to retire before 65. I know that the guy who works in the factory and really slugs it out, whether in an auto plant or in a textile mill, does not want to work after he is 65. He wants to get out of there and get something out of life for all those early mornings he got up, and for the hours of slugging that he put in, and he should be able to do that. I am surprised that my friends on the right took this as personal criticism because I did not intend it that way. I know I have some colleagues who are absolutely irreplaceable, and I would not dream of retiring them at 65. But they are the exceptions.

We are in danger of creating two classes of people in our society. To some extent this is already visible. We have those who have a job and are working, and those who do not have a job now and, unfortunately, in many parts of this country have no prospects of a job. Unless something dramatic happens, they look forward to a jobless youth, and perhaps even a jobless middle age.

What we do at the present time to take care of the situation, to the extent that we do take care of it, is not to provide jobs or look at ways of providing jobs. Rather we have something called the unemployment insurance fund. My leader has made it very, very clear that what this party wants are jobs, not welfare. Those people who are working, whether they understand it or not, are being taxed very, very heavily to pay for those who are not working. How much better to share that work to find a way of providing more employment, to create more of the good things through more people working. If we have to reduce the work week in order to do this, then we should be thinking about it.

Some people say, "Those terrible socialists! If we ever listened to them, they would want to have a very sharply graduated income tax; they really want to hit those guys at the top hard". In some ways that is true. We think that the guy at the bottom has had a rough deal for a long, long time. We think that rather than tax cuts, which do not help him very much, or only marginally, there should be tax credits or, as my friend, the hon. member for Winnipeg North Centre (Mr. Knowles) would argue, demogrant payments, direct payments to everyone.

Mr. Woolliams: But he won't retire.

Mr. Nystrom: He will in 10 years.

Mr. Saltsman: The example that is put me is that a doctor is not going to work 60 or 80 hours a week if he has to pay more in taxes. I say that a doctor should not be working that many hours. Or it is argued that somebody is not going to work overtime if he has to pay too much tax. I say he should not be working overtime when other people do not have a job at all. It is that kind of thinking we have to come to grips with if ever we are going to find an answer to any of our problems.

I was very shocked when I picked up the paper the other week. The Minister of Public Works (Mr. Buchanan) had made a speech in Brantford. He indicated that the federal government was considering some changes in the family allowance. I am sure that will have a lot of support from my friends on the right. One thing they are considering is eliminating the family allowance for the first child. I know the minister has children. He must realize that the first child is the most expensive. Until you have that child, it is virtually like being single. You do not really have any expense. It is the first child that costs you money. That is when you buy the crib, when you need the bigger house, and have many other things to consider.

● (2122)

The minister went on to suggest that they are considering untying the cost of living benefits from the family allowance. That is shocking. The government today talks about how much it is going to do for people in terms of additional tax room, and then it comes along and takes it away with this.

What is particularly shocking about untying or removing the cost of living benefits so that they do not escalate with the cost of living is that the pensions of members of parliament and of civil servants have a full cost of living allowance. It is a strange set of values to discuss it in these terms. I presume the minister was flying a kite for somebody thinking about doing it, and did not want to take the responsibility upon himself.

I see you are getting restless, Mr. Speaker. I want to conclude by again expressing my disappointment with the measures brought before this House tonight, and in particular my disappointment in realizing that the government, despite the terrible experience of the past few years and the horrendous forecast of unemployment for this winter, does not seem to have learned a darn thing.

Some hon. Members: Hear, hear!

● (2125)

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, first of all, like all my colleagues who have heard the mover and the seconder of the address in reply to the Speech from the Throne, I wish to congratulate them for their first experience in this House and wish them all the best in their parliamentary function. I also want to congratulate the hon. Minister of Finance (Mr. Chrétien) for acceding to this portfolio and wish him well, particularly in the area of finance as we know it in Canada. He certainly deserves to be encouraged to perform somersaults as unbelievable as those we have witnessed tonight.

[Mr. Nystrom.]

At least in his speech tonight he made a few attempts and we already feel a coming election, which will probably take place in 1978, and we realize that the minister has made efforts in this regard because his speech was of a somewhat electoral nature. He tried to demonstrate in his statement that the federal government, through the Department of Finance, tries to promote an economic recovery. But if we read his speech seriously and look at the words and their meaning, we realize there are not too many real facts. He announces some income tax exemptions of about $1.5 billion whereby individuals who earn $15,000 or less would pay $100 less in income tax during the year 1978, which means also a decrease of about $700 million in federal revenues.

He has also told us about the savings which Canadians would achieve under the indexing system whereby the government will allocate $850 million less under this item. However, we have noticed that the minister has made a guess in this regard because no one knows at present what will be necessary in terms of indexing by the federal government in 1978 to cover the amount referred to in its estimates.

Mr. Speaker, I must emphasize that there are some kinds of double talk and electoral promises in this speech. I would draw your attention to page 10, for instance, where the minister got loud applause from his colleagues. He said, as one can read on page 10:

> As a result of representations from members of all sides of the House, I will not be proceeding at this time with the measure for taxing the investment income realized by a policyholder on the death of the person insured.

This is nothing more than a promise, Mr. Speaker: I will not be proceeding at this time with the measure for taxing . . . Well, if elections were held in 1978 and if the Liberal Party were returned to power, what would happen to insurance policies, when the minister has been unable to give the House an official guarantee that there will be no taxing of insurance policies. Therefore, we can be sure that if the Liberal Party is still in power following the forthcoming elections, we shall have to cope again with this measure which the former Minister of Finance (Mr. Macdonald) had introduced in his last budget. When we examine the paragraphs which make up the minister's speech one after the other, we find that he is playing on both sides of the fence in order to win elections and return to power.

For instance, in his speech he deals with job creating measures which are still unknown. So there is no way we can find out tonight just how much the government has earmarked for this job creating scheme. There is something which surprises me very much in this budget, and it is that the government will grant $1.5 billion in income tax exemptions, while foreseeing a deficit of some $8.5 billion. This means that the Canadian people will get a deficit of $8.5 billion at the same time as a profit of $1.5 billion. Mr. Speaker, if these are simple, straightforward and just economic principles, this is beyond me.

● (2130)

Further on, Mr. Speaker, I would like to point out another electoral gadget on page 51 of the fiscal statement about the home insulation program and I quote:

. . . $350. These grants are to be included in the recipient's income. If received by a married individual, the grant will be included in the income of the spouse with the higher income.

Mr. Speaker, is this not another election trick or gadget to try to take in suckers? If we read that statement at leisure, if we reread it once or twice, we note that there are more words than facts. The $100 allowance for any taxpayer earning $15,000 a year or less is emphasized. Mr. Speaker, there is nothing this evening in that statement for those in Canada who earn minimum wages. Mr. Speaker, there is nothing in tonight's budget for all those who do not pay income tax in Canada. Tonight's budget does not mean anything for all those in Canada who live on welfare allowances. For handicapped, disabled and retired people the budget is next to nothing. Mr. Speaker, we know that 20 per cent of Canadian workers live below the poverty line. Mr. Speaker, tonight's budget is not for them.

It made me laugh a while ago, when the Minister of Finance (Mr. Chrétien) began reading his budget, to see that my hon. friends from the official opposition accused the Liberals of stealing the Progressive Conservative ploy, the $100 deduction for every individual earning $15,000 or less. If Progressive Conservatives have only the $100 deduction ploy up for grabs the Liberals did not steal much. Mr. Speaker, the Minister of Finance wants to fight inflation by creating employment.

He wants to create jobs just as fast as the present system turns out unemployed people. He reminds me of someone who keeps adding water to a bucket or a pail with a hole in it to try and maintain the water level while the hole at the bottom is getting bigger and bigger every day. The Minister of Finance wants to increase the speed of jobs creation in Canada to ward off rising unemployment by borrowing money from financiers and making it available for various jobs creation programs. His right hand wants to create jobs while his left is turning out unemployed people every day.

Mr. Speaker, I cannot explain, and it is an open secret in Canada, why Canadian industries and private enterprises, in spite of being victimized, as the socialists say, by the harmful results of the federal government's monetary and economic policy, reduce their personnel to go and invest their capital elsewhere or simply close shop. They go and invest elsewhere to set up industries and get cheaper production costs. Tomorrow those very industries will export into Canada products that they could have produced here in Canada yesterday.

Mr. Speaker, the federal government, through its shortsighted financial policy, is itself contributing to create multinationals that it will no longer be able to control tomorrow in forcing Canadian companies to expatriate instead of expanding in Canada, for they have to go and find elsewhere a better and more favourable economic climate and favourable economic conditions which the government has so far failed to give them to be able to produce more cheaply.

The problem in Canada, Mr. Speaker, is that we are out of step with international competition. Our industries in Canada cannot produce any more. The present economic system and the government economic trend are forcing companies to grow into multinationals.

I am thinking here of the case of several Canadian shoe manufacturers who can no longer compete with the imports, especially as a result of the economic and financial policies of the government which has practically managed to destroy both the shoe and textile industries in Canada. These are now in the process of setting up shop elsewhere, where labour is less severely taxed and consequently where production is less expensive for the industry. Tomorrow, those formerly Canadian companies will export to Canada goods that could have been manufactured in Canada had they stayed here.

The federal government, through its financial and monetary follies, is forced to tax individuals to such an extent in order to meet its budgetary extravagances that today Canadian taxpayers have to earn $15,000 a year to live, after having paid all the direct and indirect taxes of the government. But if they were taxed less heavily they could live with $7,500 a year and buy the same production with the same dollar having the same purchasing power which would allow us to produce and compete elsewhere after first keeping our own domestic market. Nowadays Canadian businesses which have not yet become monopolies and must meet competition are stifled by taxation and bureaucracy. More and more they want to abandon any proposed expansion because they have realized that the federal and other governments—without taking any risks or investing—are drawing more revenues each week from those industries than the profits essential to the good operation of the whole industry that wants to progress and improve.

● (2135)

Those industries are left with the solution of remaining in stagnation before closing their doors and going elsewhere to invest while reducing their activities in Canada. All private enterprise wants in Canada, Mr. Speaker, is a favourable economic climate that will allow it to breathe and not force it to go somewhere else to do what it could normally do in Canada. The Canadian companies that go abroad to invest by participating in the financing of existing industries abroad will be exporting to Canada tomorrow commodities they should have been exporting from Canada if the government did not always wait for industry to close down or lay off most of its employees before waking up.

The Minister of Finance through investments in job creation programs wants to invest with the right hand, and tonight's budget proves it. He wants to invest $5 in job creation with the right hand but with his left hand he takes $30 out of the pocket of the Canadian taxpayer thus reducing his purchasing power which inevitably increases unemployment.

Mr. Speaker, when you distribute $1.5 billion out of $8.5 billion that means you are taking $1 for $6 because the $8.5 billion deficit is the responsibility of Canadians, money which one day will eventually be taken out of their pockets. So you

take $8.5 billion out of the pockets of Canadians on the short or the long run and give him $5 today. You take $30 away from him to give him back $5. Mr. Speaker, the left hand of the Minister of Finance is quicker than his right hand with which he gives. His right hand is paralyzed because it is distributing $5 while the taxpayer is being deprived of $30.

The fiscal system in Canada performs better and faster than the job creation system. More money is taken out of circulation as taxes of all kinds than invested. When the banks, for instance, loan $10 million they are repaid $20 million after six and a half years. How is it possible to repay $20 million if the loan is $10 million only? This is mathematically impossible. According to orthodox economists, it is a simple enough thing to borrow $20 million after six and a half years to repay the original $10 million. But the $10 million original debt that has become $20 million after six and a half years will become $40 million in another six and a half years. This means that within 13 years a $10 million loan will require four times the initial amount.

This is the type of system that has created and is still creating inflation. Workers are being insulted, everyone is being insulted, everyone is victimized but the true culprit, the financial system that puts $10 million in circulation and gets $40 million after 13 years. This automatically creates inflation, pushes prices and wages up, and puts us outside international competition.

In the remaining few minutes, I would like to say a few words about inflation, that legalized theft. Our ancestors had to cope with a lot of law-breaking citizens. One of the most popular crimes was coin clipping. As far as we can go back into history, this was a serious crime, so much so that convicted clippers had their hands cut off, both as a punishment and a deterrent from future wrongdoing. Such was the way to rob individuals.

At that time, nearly all coins were made of metal and devaluation was achieved simply by reducing the size and weight of the coins whatever they were: pounds, crowns, florins, shillings or pence. All things considered, the result of this was inflation of the type produced by our present vast devaluation operations.

In a free society like ours, every blow to currency is serious because it affects the way of measuring the value of exchanges between men, which is the very basis of our economic life. If we were to give the same punishment as in the old days to those who are responsible today for devaluation or inflation, I think, Mr. Speaker, that we would have to cut off the hands of most members of this government, including the Treasury Board, the Minister of National Revenue, the Minister of Finance and other officials both on national and regional levels. The persons who are responsible for the devaluation of the currency we use in our everyday life are those very same people we elect and hire to govern us. Certainly the union leaders, who every year set in motion the same old mechanism by exerting pressures to get higher wages for union workers, are also part of this group.

[Mr. Rondeau.]

This coming winter, Mr. Speaker, we will have more than 1.5 million officially unemployed people, which really means at least two million people who are actually unemployed. Also these figures do not include welfare recipients, all those people who are not formally registered as job-seekers. Unemployment is on the increase and will continue to increase because our present monetary system is so designed. Inflation is on the increase and will continue to increase because the monetary system is so designed. Deficits are on the increase in all areas, as evidenced in the budget. In the 1976-77 budget, our deficit will be close to $8.5 billion. What that boils down to, Mr. Speaker, is that in less than three years we have accumulated an international deficit of $40 billion.

At the present time, our trade deficit is $30 billion. Still we won the war while West Germany lost it and built up a surplus of exactly $40 billion. We won the war and we have a trade deficit of $40 billion. Germany lost the war and has a surplus trade balance of $40 billion.

Mr. Speaker, this means that when we are told that the methods are obsolete, the high unemployment and inflation rates show clearly that the economic methods of a less complex period are not doing anything more today. We deplore the evil. We begin to realize that our systems are obsolete, that they are outdated but there is no solution and we continue in the same system.

Peter C. Newman, a distinguished Canadian reporter wrote in chapter 3 of his book, *The Canadian Establishment*, what Social Crediters have been saying for 35 years, and I quote:

● (2142)

[*English*]

Administering more than a hundred billions in assets the men who run Canada's banks rule the nation's economy. They decide who will succeed and who will fail acting as arbiters of the system—the fiscal father confessors of us all.

[*Translation*]

While people are getting thinner and running into debt, banks are growing fat and thrive. Mr. Speaker, while we are racking our brains, looking at inflation, unemployment and deficits both inside and outside Canada, there is an organization in Canada which does not make any deficit, where the average interest rate was 6 per cent in 1968 while it reaches a high of 12 per cent today.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. It being 9.45 p.m., it is my duty, pursuant to Standing Order 38(3), to interrupt the proceedings and forthwith put any question to dispose of the subamendment which is now before the House.

The question is therefore on the amendment to the amendment (Mr. Broadbent). Is it the pleasure of the House to adopt the said motion?

Mr. Knowles (Winnipeg North Centre): Carried.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the amendment to the amendment will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment to the amendment (Mr. Broadbent) which was negatived on the following division:

(Division No. 1)

YEAS

Messrs.

Benjamin
Broadbent
Caouette (Témiscamingue)
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Firth
Gauthier (Roberval)
Gilbert
Hogan
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Laprise
Nystrom
Orlikow
Peters
Rondeau
Saltsman
Symes—18

NAYS

Messrs.

Alexander
Allmand
Anderson
Andras (Port Arthur)
Andre (Calgary Centre)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Baker (Grenville-Carleton)
Baldwin
Basford
Bawden
Beatty
Béchard
Bégin (Miss)
Blais
Blaker
Boulanger
Breau
Brisco
Buchanan
Bussières
Cafik
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Coates
Collenette
Comtois
Condon
Corbin
Corriveau
Côté
Crosbie
Crouse
Cullen
Cyr
Danson
Darling
Daudlin
Dawson
Demers
Dinsdale
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Drury
Dupras
Duquet
Ellis
Elzinga
Epp
Ethier
Fleming
Flynn
Foster
Fox
Francis
Fraser
Friesen
Gauthier (Ottawa-Vanier)
Gendron
Goodale
Gray
Guay (St. Boniface)
Guilbault
Haidasz
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Harquail
Hees
Herbert
Hnatyshyn
Holt (Mrs.)
Hopkins
Horner
Howie
Huntington
Hurlburt
Isabelle
Jarvis
Johnston
Joyal
Kaplan
Kempling
Lajoie
Lalonde
Lambert (Edmonton West)
Lamontagne
Langlois
Laniel
Lapointe
Lawrence
Leblanc (Laurier)
Lee
Lefebvre
Lessard
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacGuigan
Maine
Marceau
Marchand
Martin
Masniuk
McCain
McCleave
McKenzie
McKinley
McKinnon
McRae
Milne
Muir
Munro (Hamilton East)
Nicholson (Miss)
Nielsen
Nowlan
Oberle
O'Connell
Olivier
Ouellet
Paproski
Parent
Patterson
Pearsall
Pelletier
Penner
Pigott (Mrs.)
Pinard
Portelance
Poulin
Prud'homme
Railton
Raines
Reid
Robinson
Roche
Rooney
Roy (Laval)
Sauvé (Mrs.)
Savard
Schellenberger
Scott
Sharp
Skoreyko
Smith (Churchill)
Smith (Saint-Jean)
Stevens
Stollery
Tessier
Towers
Trudel
Turner
Watson
Whelan
Whittaker
Wise
Wood
Woolliams
Yanakis
Yewchuk
Young—169

● (2212)

Mr. Speaker: I therefore declare the amendment to the amendment lost.

Amendment to the amendment (Mr. Broadbent) negatived.

Mr. Speaker: It being after ten o'clock, this House stands adjourned until tomorrow at eleven o'clock in the morning, pursuant to Standing Order 2, subsection (2).

At 10.14 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, October 21, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

INDUSTRY

REQUEST FOR MEASURES TO AID BASE METAL INDUSTRY—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43. The announcement by INCO metals company that at a time of record high unemployment in this country 4,000 workers will lose their jobs in Thompson, Manitoba, Port Colborne, Ontario and Sudbury, Ontario raises serious questions about Canada's industrial strategy, her future trade balance and the foresight of the Government of Canada. I therefore move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That, in the opinion of this House, the Minister of Industry, Trade and Commerce, the Minister of Employment and Immigration, the Minister of Energy, Mines and Resources and the Minister of Finance should meet immediately with representatives of the Canadian base metal industry to discuss means by which jobs and export potential could be retained and report back to the House by way of a statement on motions to explain what action will be taken by the government to repair the damage caused by its scandalous negligence of the industry and its workers.

Mr. Speaker: The presentation of such a motion for debate pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PROPOSED PROGRAM FOR STOCKPILING NICKEL—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, it is with anger tinged with sadness that I rise under the provisions of Standing Order 43 on a matter of very urgent and pressing necessity. I seek the unanimous consent of all hon. members of this House.

In view of the fact that yesterday, the day on which the Minister of Finance (Mr. Chrétien) announced his bootleg budget which is supposed to stimulate job creation by the private sector, INCO announced its Christmas gift to the Sudbury Basin in the form of 2,800 lost jobs, and in view of the fact that these lost jobs will cost the federal treasury in excess of $30 million, not counting the loss in human terms to the many young families which will be affected, I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House instruct the government of Canada immediately to set up a program of stockpiling nickel and copper in the same fashion as wheat, butter, uranium and gold have been stockpiled in the past to save both communities and workers from disaster until such time as world markets improve.

Mr. Speaker: The presentation of such a motion for debate pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BILINGUALISM

REQUEST THAT GOVERNMENT NOT AID THOSE CHALLENGING LEGALITY OF QUEBEC'S BILL 101—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move an important motion of pressing necessity.

Considering that the Prime Minister has announced that some assistance would be forthcoming to Quebec or Canadian citizens who wish to bring their grievances before a court in connection with Bill 101 establishing French as the only official language in Quebec; considering that this concrete assistance would be paid out of public funds by all taxpayers of the country; considering that this financial help of the Canadian government means that Quebec citizens who are mostly in favour of that legislation would pay out of their pockets their own prosecution; considering also the preposterousness of such an unjust and ambiguous situation, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the Prime Minister and the government forgo any financial or other contribution to help the citizens or groups of citizens who decide to bring before the courts their dispute about Bill 101 duly passed by the Quebec National Assembly.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Amnesty International

● (1112)

[*English*]

ANTI-INFLATION PROGRAM

REDUCTION IN MAXIMUM WAGE INCREASE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a matter of urgent and pressing necessity.

Considering that the Minister of Labour (Mr. Munro) indicated in Oshawa recently that it would be wrong "to ask workers to take less than the increase in the cost of living", I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemns the cruel unfairness and hypocrisy of last night's announced change in the controls program which will reduce to 6 per cent the maximum wage and salary increase permitted under the controls program at precisely the same time that increases in the cost of living are running at an excess of 8 per cent; such unfairness being totally repugnant to the Canadian sense of decency.

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 can only be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

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AMNESTY INTERNATIONAL

CONGRATULATIONS ON RECEIVING NOBEL PEACE PRIZE—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise under Standing Order 43 on a matter of importance to our nation.

I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House unanimously extend its congratulations to Amnesty International for having received the recent Nobel Peace Prize.

Mr. Speaker: The provisions of Standing Order 43 require the unanimous consent of the House for the presentation of such motion for debate. Is there unanimous consent?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Speaker.]

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

LAY-OFFS AT INCO—GOVERNMENT ACTION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, in view of the fact that my question must affect a number of departments and ministers it must be directed to the Prime Minister. In view of the rather ruthless decision of the board of INCO metals limited communicated to the world yesterday—a decision, by the way which has rocked the metal production and mining industry of the world today—that over 4,000 families in Canada alone, spread through northern and southern Ontario and northern Manitoba which is going to have very tragic repercussions in this initial phase only in respect of this massive layoff at INCO, I should like to ask the Prime Minister when the government of Canada received notice of this decision and what is the government doing about it? Have they set up a special Cabinet committee? Who is on it? Why in the world are they waiting until next Tuesday before they get any public reaction to this momentous decision?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I was informed of this very serious decision yesterday morning.

An hon. Member: For the first time?

Mr. Trudeau: I immediately conferred with the Minister of Employment and Immigration and officials, and ascertained that they were already proceeding to organize meetings with the INCO people in the Sudbury region and seeking to find alternative solutions to this very serious unemployment problem.

Mr. Lawrence: Come on, now. Mr. Speaker, surely this House and the country have the right to know what specifics the government of Canada is proposing in relation to a solution to a problem that in its initial phase only is going to have very tragic repercussions throughout Canada, not just northern Ontario or northern Manitoba but in the Niagara region as well. If the Prime Minister is unaware of what his ministers are doing or what the specifics are, let us hear from one of the many ministers who should be involved in this. What is the government of Canada proposing to do about this economic tragedy? Surely, at a time when the federal government had more notice of it than any provincial government and yet the provinces seem to be moving much faster on it, we should have more than a general evasive answer such as the Prime Minister has just given.

Mr. Trudeau: Mr. Speaker, I gave the hon. member my answer a moment ago. The fact that I was informed yesterday morning does not mean my ministers had not been informed before that. They had met the night before with the INCO people. As a matter of fact, the Minister of Labour tells me that as long as two weeks ago he was discussing contingency measures with the INCO people.

• (1117)

MANPOWER

LAY-OFFS AT INCO—GOVERNMENT ACTION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my final question must be directed to one or other of these ministers who have been involved for so long in this matter. How about the Minister of Energy, Mines and Resources? What is the government doing about this tragedy in the mining industry and the metal industry in this country? What specifics does the minister have or what does his government have? What are you proposing to lay before the meeting next Tuesday? The Ontario officials met with INCO management last night, met with the Sudbury labour people this morning, and right now, today, there is an emergency debate in the Ontario legislature about this matter. Why the foot dragging at the cabinet level? What is the minister proposing specifically?

Some hon. Members: Hear, hear!

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, when I hear the hon. member ask a question of that nature, it seems to me he is more interested in coverage than candour.

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

Mr. Cullen: The hon. member indicated, first of all, that we are dragging our feet.

An hon. Member: Right on!

Mr. Paproski: That is exactly what you are doing.

Mr. Cullen: In point of fact, the minister of labour for the province of Ontario called my office and asked if they could participate in the meeting we had arranged with both management and labour.

Some hon. Members: Hear, hear!

An hon. Member: That is an admission right there.

Mr. Cullen: Second, I met with two members from International Nickel who spelled out for us, the night before the announcement, the action they proposed to take. At that time I discussed with them some possible alternatives about how we might ameliorate that very, very serious situation. I indicated to them that in addition—

Mr. Baker (Grenville-Carleton): What about Gillespie?

Mr. Cullen: Mr. Speaker, if the hon. members opposite want to listen, I will tell them. The INCO people are prepared to listen, the union is prepared to listen, so surely the opposition should be prepared to listen.

Some hon. Members: Hear, hear!

Mr. Trudeau: All the members opposite want is coverage.

Mr. Paproski: Pierre, you are an old sly fox.

Mr. Cullen: Mr. Speaker, I spelled out to management that in the new Bill C-27 there was a provision dealing with work sharing. It struck me that this was a textbook case for the application of that provision.

Some hon. Members: Oh, oh!

Mr. Cullen: The INCO officials expressed very serious interest in this, because they were looking at other alternatives themselves. One example is a four day work week, as well as other mechanisms and machinery. I will discuss that with management and with labour.

In addition to that, we have notified all our Canada Manpower officers that they are to focus in on the Sudbury and Thompson areas, and any vacancies or job opportunities which occur in the mining field. Also in addition to that, we are carefully cataloguing those opportunities that are available to see if these individuals at INCO, most of whom have approximately two or three years seniority in that particular operation, are more mobile and would be in a position to move. It is unfortunate that they may have to move. Some of them will move, some of them will not move. We will do everything we can to accommodate them. Also, in addition to that, under our Canada Works program, we are going to look to spending more moneys—

Some hon. Members: Oh, oh!

Mr. Cullen: Well, the hon. members say: "oh, oh", but the hon. members from Sudbury seem to indicate that it is not a bad alternative. In addition to that, we will be looking at using the emergency feature of the Canada Works program in the interests of assisting.

The hon. member has referred to foot dragging. The company has to give the union 16 weeks notice of this particular lay-off. On that basis, we have time to work. We do not believe in operating the way the hon. member is suggesting. We have to look very carefully at a most serious problem.

Some hon. Members: Hear, hear!

• (1122)

LAY-OFFS AT INCO—MEASURES TO ALLEVIATE SITUATION AT THOMPSON, MANITOBA

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is for the Minister of Employment and Immigration. It appears we are dealing with a government that cannot see much further than the end of its nose. Just a few short years ago, during his flower years, of course, the Prime Minister said that those who are unemployed should go to Thompson for jobs. Yesterday massive layoffs were announced by INCO metals. The Minister of Employment and Immigration neglected to mention the Thompson area when he referred to creating some stop-gap employment. Thompson is seriously affected with 650 layoffs. Will the minister advise what contingency plans he has

for the 650 people laid off who live some 500 miles north of Winnipeg and who do not have the means to move to other jobs. As the minister knows very well, jobs are very scarce in northern Manitoba. We just received the biggest grant of any constituency in Canada of $4.6 million under Canada Works. Is the government just going to keep adding Canada Works projects in a country that is alive with resources? What immediate action is the minister going to take to assist these 650 people?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, obviously the measures that I have indicated are equally applicable to Thompson. One aspect of the Thompson situation is—and I have discussed this in some detail with International Nickel management—that the turnover rate there is about 600 in the course of a year, which is about the work force affected. To some extent, attrition will play its part in that particular operation. The hon. member indicated that we recognize the difficulties in northern Manitoba. That is why his constituency received the $4.6 million. We would also look at the application of the emergency fund aspect of Canada Works and conceivably add to those figures if it will do anything to ameliorate a very serious situation, not only in Sudbury, but in Thompson as well.

Mr. Smith (Churchill): The other day the Prime Minister said that Canadians are soft and will have to toughen up. I say to him that Canadians living in Manitoba want jobs. They do not want stop-gap programs such as the minister has been announcing.

Some hon. Members: Hear, hear!

* * *

RESOURCES

INQUIRY AS TO MEETINGS WITH BASE METAL INDUSTRY

Mr. Cecil Smith (Churchill): I wish to ask the Minister of Energy, Mines and Resources to indicate what Canada's industrial strategy is, if in fact we have one. When was the last meeting held with the base metal industry of Canada? What are the future plans to meet with the base metal industry in Canada in order to keep it alive?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, there are meetings all the time with the base metal industry in Canada.

Some hon. Members: Oh, oh!

Mr. Gillespie: You people—

Mr. Knowles (Winnipeg North Centre): Order.

Mr. Gillespie: —do not seem to be very interested in the answers because you are just making noise. It seems to me if you had a little more concern for the workers involved, you would be prepared to listen.

[Mr. Smith (Churchill).]

FINANCE

REASON FOR FAILURE TO LINK JOB CREATION TO TAX CONCESSIONS TO CORPORATIONS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, this belated concern for the workers coming from the minister is very touching indeed. I have a question for the Minister of Finance. In the budget of last March, the government provided more than $1 billion in tax concessions to large corporations without requiring specific job creation to entitle them to receive the benefits. Since among those receiving benefits were Northern Telecom which became eligible for millions of dollars as a result of the budget of last March and has recently laid off up to 1,000 people, and since INCO corporation, which yesterday laid off some 4,000 workers, has received more than $10 million as a result of the same budget, I should like to ask the minister why in heaven's name he reintroduced last night the same provisions as contained in the budget of last March instead of taking an equivalent amount of money and spending it on direct job creation?

• (1127)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not believe the government should take upon itself to settle all problems. I believe it is important to give the corporate sector the possibility to develop by creating a favourable situation in the area of taxation so as to enable them to invest in Canada. Investments are important to Canada. It is impossible for the government to solve all problems. We need a sound private sector.

[*English*]

Mr. Broadbent: The minister's answer, I must say, is just stupid. They are not investing to create jobs. INCO got $10 million out of the budget of last March. But instead of creating jobs they are laying off thousands of workers. INCO corporation recently received from the government of Canada some $378 million in tax deferral benefits. It has received this year from the federal government via the Export Development Corporation $40 million in special assistance which it has used to create jobs in Guatemala, Indonesia and New Caledonia. If the minister is really serious about using the private sector to create jobs, why is he using the taxpayers' money to give to the corporations so that they can create jobs in other countries in competition with Canadian workers?

Mr. Chrétien: I am not sure whether the figures used by the hon. member are correct, but we in Canada are involved in export and we export Canadian technology, something we are doing very effectively. It is extremely important that we continue to export the technology available to us when it is needed elsewhere. We cannot run a closed shop operation. We have to live in the world. It is important to secure market accessibility elsewhere. The incentive given to industry was not to create jobs elsewhere; it was for development in Canada. I think that, as usual, the hon. member is confused.

SUGGESTION MINISTER SEEK DELAY IN LAY-OFFS AT INCO

Mr. Edward Broadbent (Oshawa-Whitby): I shall be checking the minister's statement with care and I am sure I shall be rising later on a question of privilege. The minister has said these firms are not using in countries abroad the tax benefits to which I have alluded. I can demonstrate clearly that he is wrong. They are. If they are getting $300 in Canada and investing abroad, what does it matter in terms of bookkeeping entries where they get the money if they are spending it abroad? If INCO corporation is getting all these benefits from the taxpayers of Canada, including those in the present budget, will the minister have enough sense to call the head of that corporation to Ottawa and insist that the corporation reverse its decision to lay off workers, at least until some alternative course can be worked out?

Hon. Jean Chrétien (Minister of Finance): I do not believe the hon. member is very aware of the situation. The INCO corporation has already stockpiled reserves sufficient for seven months. The problem is that the world market is very soft. There is a cutback around the world at this time; it is not only in Canada. We have to live with that situation and the people have to realize the situation. We have to compete with other nations and if we are not in a position to compete we are losing jobs. That is a fact. The hon. member can put his head in the sand as much as he wishes but every country in the world is stuck with that situation and I cannot do anything if the hon. member cannot cope with reality.

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● (1132)

[*Translation*]

HOUSING

INQUIRY WHETHER SUPPLEMENTARY FUNDS AVAILABLE FOR RENOVATION OF URBAN DWELLINGS

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I would like to direct a question to the Minister of State for Urban Affairs.

In the last few months, the Central Mortgage and Housing Corporation has been refusing applications made by parishes and villages in designated areas by saying that such applications cannot be accepted before 1981 or 1982, within the framework of renovation of houses. At the same time, in the regions already designated, home owners have sent in applications a year ago and in some cases two years ago. Those are also refused and applicants are told that perhaps next year their applications may be analyzed. Following the minibudget introduced yesterday by his colleague the Minister of Finance, can the minister inform the House whether supplementary funds will be earmarked for this urban renovation project?

Hon. André Ouellet (Minister of State for Urban Affairs): The budget for the program the hon. member is talking about has been tripled over an eighteen-month period. On the other hand, I would like to make a correction concerning the statement of the hon. member to the effect that Central Mortgage and Housing Corporation is the one that refuses to give municipalities the possibility of assistance for urban renovation. That decision falls exclusively to the provincial authorities and all the municipalities whose applications were not accepted but were turned down by the Quebec government.

Mr. Caouette (Témiscamingue): Mr. Speaker, on a supplementary.

Contrary to what the minister has just said, the letters from the Quebec departments and the Quebec Housing Corporation say that the province of Quebec accepts that they be designated. Follows a letter from the department of municipal affairs supporting the application, and the blame is put on CMHC. In fact, the replies followed meetings with the CMHC in my area, the Val-d'Or region. I should like to know whether the minister is to check the facts and give instructions or at least additional funds to an area such as ours which is very much underprivileged, or perhaps I should say blessed with unemployment?

Mr. Ouellet: Mr. Speaker, if the hon. member is willing to send me the correspondence, I shall be pleased to look further into the matter and see exactly what the situation is. I am convinced that if the Quebec authorities are willing to designate some municipalities as eligible for assistance under the housing renewal program, CMHC will be only too eager to go ahead and set up a program in the designated communities.

Mr. Caouette (Témiscamingue): Another supplementary question, Mr. Speaker. I am prepared to admit that the provincial government accepts that but there is still a problem since there are no funds. That is the answer given to municipalities. We should know, therefore, if the minister has sufficient funds or if the Minister of Finance granted him more money so as to make it possible to designate those areas?

Mr. Ouellet: We have the necessary funds to satisfy demand, and I would like the hon. member to tell me what municipalities have received information from the Quebec government to the effect that they were recognized for renovation purposes. The moment I receive this information, I will gladly check to see if there was indeed correspondence between the government of Quebec and my department about the designation of those municipalities.

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[*English*]

TRADE

ACTION TO REGAIN CANADA'S SHARE OF NICKEL MARKET

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. As the minister directly responsible for maintaining and increasing industrial production in this country, I would ask him whether he has been in touch with the management of INCO to ask them very strongly whether they would

maintain production and employment at its present level? If so, what was the response of management? Would he also advise the House what he and his department have done specifically to try to regain the huge share of the world nickel market which Canada once held and which has been reduced from 85 per cent to 30 per cent under this present government. In answering these specific questions, would the minister give specific answers instead of the vague generalities he has indulged in so far this session?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in answer to the hon. member's question may I say my colleague the Minister of Employment and Immigration has clearly stated that he has been in conversation with management and the union. The problem with INCO is, as the hon. member has already stated, that most of its production is exported and it is meeting severe competition from new minerals and mines in what I might call the third world countries. We have gone out of our way to assist INCO in meeting world competition in every possible way.

Mr. Baker (Grenville-Carleton): What have you done then, Jack?

Mr. Horner: We have assisted in the export of equipment used in mines. I might say to the hon. member for Simcoe North that, on the one hand, he wants the government not to intervene, as I heard him last night, yet today he wants us to intervene. If he could make up his mind on which side of the fence he is, it would help considerably, but he cannot have it both ways. As I was saying, we have gone out of our way to assist. I might add for the hon. member's information that production is off in both Guatemala and Indonesia.

Mr. Hees: A supplementary question, Mr. Speaker. It is obvious from what the minister has said that this government does not intend in any way to try to maintain production at the INCO plant in Sudbury but is relying solely on make-work projects which everybody knows are not the answer to our industrial problems in this country today. As this government only seems to be interested in allowing jobs to be exported by international companies such as this instead of trying to increase our exports of the products which we produce in this country, is this not an example of a policy of defeat and nothing but?

Mr. Baker (Grenville-Carleton): Horner cannot answer.

* * *

FINANCE

SUGGESTED EXAMINATION OF TAX STRUCTURE OF MINING INDUSTRY

Mr. James Gillies (Don Valley): Mr. Speaker, I had a question for the Minister of Energy, Mines and Resources, but the Minister of Finance shows such a misunderstanding of the problem that I want to get back to the Minister of Finance. I am sure the minister must realize that Canada had 92 per cent of the world market in nickel only 15 years ago. Today it has 42 per cent of the world market in nickel and Sudbury has 33 per cent of the world market in nickel. The problem in the nickel industry in Canada is not that of a short-term variation in world demand, but the fact the Canadian mining industry has become non-competitive, and one of the major reasons it is non-competitive is the tax policy of this government. What I want to know, Mr. Speaker, is whether the Minister of Finance is willing to re-examine the tax structure of the mining industry so that it can become competitive and compete in the world markets?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think the hon. member is very much aware of what is going on. In fact, there is a corporation in the United States called Amex which is selling at this time below cost of production. This is what has depressed the market to the point it is today. This is a fact of life that we have to recognize. Perhaps the only way to get around it would be to form a cartel to fight this depressed market. Then, after that hon. members would tell us that we are doing too much to protect Canadian producers. So they will have to make up their minds about this problem.

Mr. Gillies: A supplementary question, Mr. Speaker. If the government wants to go in the direction of a producers' agreement, then they ought to bring it into parliament and not do it behind everybody's backs. Do it legally.

Some hon. Members: Hear, hear!

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EXTERNAL AFFAIRS

GOVERNMENT ACTION TO DEVELOP MARKETS FOR CANADIAN NICKEL

Mr. James Gillies (Don Valley): I should like to ask the minister of external affairs what the Government of Canada is doing to help Canadian nickel get into world markets in a more effective way. What is the government doing in negotiating at UNCTAD to get our nickel into world markets? Has he said anything to Japan about buying our coal as well as taking nickel at the same time? What is Canadian government policy in external affairs in regard to developing markets for nickel? That is where the problem lies.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I apologize to the hon. gentleman but I say to him frankly that I did not hear the question. There was so much hub-bub going on that I just did not get his point.

Mr. Gillies: Mr. Speaker, the question I asked the minister of external affairs is, what is the Department of External Affairs doing to try to get our nickel into foreign markets? That is the heart of the problem—to make us more competitive in our dealings in UNCTAD and our dealings with other countries which are buying our products. Are they in fact trying to make tied arrangements or doing something to induce

foreigners to buy more of our nickel? For example, what are we doing about selling nickel to Japan which wants our coal in such great quantities? What is the policy of the government in this respect?

Mr. Jamieson: Well, Mr. Speaker, we are moving on virtually all of those fronts that the hon. member talked about.

Mr. Hees: But you are moving backwards, Don.

Mr. Jamieson: Mr. Speaker, it is better that we are moving backwards than be like the hon. gentleman who does not seem to have moved at all in the last 20 years and is still uttering the same vacuous comments that he was when he first came to the House.

Some hon. Members: Oh, oh.

Mr. Hees: You badly need new life, Don.

Mr. Jamieson: Mr. Speaker, I started to answer that we are moving on a number of fronts and have been for some time. Within UNCTAD and the various meetings that have been convened in connection with the north-south conference we have been talking about various forms of commodity agreements, price stabilization and market access. It is a very complex subject. I think some of the documents have been published. I will be glad to make available what we can provide additionally.

● (1142)

In addition to that, of course, there are also our bilateral negotiations with countries such as Japan and the European Economic Community. We have been seeking in these markets to get greater access for our raw materials. I should also remind the hon. member that while this problem is pressing as of this moment, we have also been seeking, with the general encouragement of hon. members opposite, to develop a kind of commodity strategy so that indeed we will not continue to be simply supplying raw materials but will also be able to get into a sectoral approach which will give us some outside markets for our finished and semi-finished products.

If I may be permitted one other comment, Mr. Speaker, another most important area where we are very active at the moment is in connection with the Law of the Sea Conference and the potential impact insofar as seabed mining is concerned on land based mineral operations. This is as comprehensive an answer as I can give in the question period, but I will be glad to expand on it.

Mr. Gillies: I am delighted with this dissertation but I would have liked an answer to my question, which is: Is Canada taking the leadership in the development of a producer's agreement in nickel? We do not want to be surprised.

An hon. Member: You broke the law and you know it.

An hon. Member: You gave us no answer.

Mr. Chrétien: This is exactly the same thing.

Mr. Speaker: Order, please. The hon. member for Edmonton-Strathcona.

EXTENSION OF CREDIT TO INCO TO DEVELOP INDONESIAN OPERATION—PROTECTION OF CANADIAN JOBS

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is for the Secretary of State for External Affairs. Since INCO has invested $850 million in the first stage of its new Indonesian operation and the Export Development Corporation has provided a total of $90 million in credit, can the minister say whether there was any consultation within the government to ensure that priority is given to protect Canadian jobs before external commitments are made?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): I am sure that full weight was given to the impact of our assistance to overseas countries in terms, as the hon. member has put it, of the protection of Canadian jobs. But if I am not putting the wrong interpretation on the hon. member's question, I find it reflects the same kind of inconsistency in that on the one hand he asks us to do everything we can to protect jobs within Canada but on the other hand the hon. gentleman, who is the main spokesman of the party opposite, is asking us to help developing countries to get on their own feet and to assist them in those areas where they can have economic development. This, I believe, is one of the great difficulties. I do not recall at this precise moment what discussions went on as to the effect of Indonesian developments on the Canadian market, but I have no doubt that this was a consideration.

Mr. Roche: The minister is bold enough to quote inconsistencies, but nothing is more inconsistent than the foreign policy of this government.

Some hon. Members: Hear, hear!

Mr. Roche: May I ask the minister to explain to the House his reference on the national television three days ago to the effect that, with respect to foreign policy, Canada intends to carry a big stick and speak with a loud voice. Can he explain how that fits in with the whole question of commodity agreements, which is also at the heart of the answer he attempted to give to the hon. member for Don Valley?

Mr. Jamieson: In the first place, I did not say what the hon. member has attributed to me.

An hon. Member: I wrote it down.

Mr. Jamieson: It was a conclusion drawn by the interviewer, and if the hon. member wrote it down, then I would like to see it. I would be prepared to make a total and abject apology to the hon. member if I am wrong, but I ask him to do precisely the same thing if he is wrong, and I suggest he is 100 per cent wrong.

Mr. Baker (Grenville-Carleton): This does not help the workers in Sudbury.

Oral Questions

FINANCE

POSSIBILITY OF STOCKPILING NICKEL—GOVERNMENT POSITION

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I wanted to direct my question to the Minister of Industry, Trade and Commerce, but obviously the minister does not think these questions so important and he has left the chamber, so I will direct my question to the Minister of Finance.

In view of the fact that 2,800 jobs will be lost in the Sudbury Basin, 600 jobs in Thompson, Manitoba and another 700 in Port Colborne, and in view of the fact that the loss of those jobs will be a loss to Revenue Canada and, in terms of unemployment insurance pay-outs, will exceed $50 million, as well as in view of the fact that the minister has said that INCO has a stockpile of seven months and we know that the government has stockpiled uranium for seven years to save the community of Elliot Lake, is the government now prepared to make an announcement to give confidence to potential investors in the Sudbury Basin, in Thompson and Port Colborne—and I wish the minister would make it—in which the government will undertake to stockpile nickel and copper until the markets improve which, according to some projections, will likely take place late next year or early the following year?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we considered this possibility when we met with INCO representatives here two days ago, but setting up a new nickel stockpiling program would be unwarranted at this time because it could cause the market to deteriorate even more. The buyers would then be in a position to offer prices which would be lower still, which would indeed compound the problem. The company refuses to move any further in this direction and does not request governmental assistance in this area.

I believe the best solution just now is that which was put forward by the Minister of Manpower and Immigration, because he has already started negotiating with the unions and the company with the hope that, maybe through the introduction of a reduced four-day week and with government assistance, the families of the laid-off workers might still have incomes, though on a reduced scale because of the additional day off. These workers would be entitled to compensation from the government, but they would be working at least four days a week. The solution is probably more in this direction than in a stockpiling program, because the latter solution would be counterproductive at this time.

[*English*]

SUGGESTION MINISTER REQUEST DELAY IN INCO LAY-OFFS

Mr. John Rodriguez (Nickel Belt): Not accepting the preamble to the minister's answer, and keeping in mind that we have stockpiled in this country wheat, butter, uranium and gold for years and years to save these industries, and in view of the fact that the minister said that the government will discuss the alternatives to the situation in Sudbury, Thompson, and Port Colborne, may I ask the minister whether he is prepared now to get in touch with the INCO chairman of the board and to suggest to him that he rescind the order for lay-offs until after he has discussed the alternatives so that they can find some modus vivendi for the industry because the latest developments have affected it so disastrously?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the company has notified us because it gave a 14- to 16-week notice to its employees, which will enable us to find a solution. It has to do so, and I think that until now both the company and the union have shown goodwill; so if everybody keeps calm, we hope to be able to find a solution. I think that the proposal the hon. member is making now is not really the solution, I am sorry to say, but we are always prepared to discuss the matter with the company.

* * *

[*English*]

EXPORT DEVELOPMENT CORPORATION

EFFECT OF LOANS TO MULTINATIONAL COMPANIES ON EMPLOYMENT IN CANADA

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in view of the fact that the Export Development Corporation lent PT Indonesia, which is a subsidiary of INCO, $100 million at interest rates less than commercial—indeed this is very secret and we cannot find out what that interest rate is—and in view of the fact that all these subsidiaries that have sprung up in Indonesia, New Caledonia and Guatemala are subsidiaries of the International Nickel Company and are in effect competing against themselves, is the minister prepared to drop the clause in the Export Development Corporation Act which permits that bank, using the taxes of the workers of Canada, to make loans to multinational mining companies at less than commercial rates of interest to create the eventual unemployment of those workers?

Hon. Jean Chrétien (Minister of Finance): I think that if we were to follow that type of policy and not give opportunities to developing nations—

Some hon. Members: Oh, oh!

Mr. Chrétien: —when they are involved in such operations, then we would not be exporting goods and materials produced in Canada. If we do not participate in these ventures, the development of the mines will take place anyway but there will be no Canadian participation. I am not ready to say to the nations of the world that when there is potential growth in developing nations, Canadians will run away. We have international responsibilities, and we have been blessed with natural resources, but we should not do anything which would hurt the poor nations of the world, especially Latin American nations, about which the hon. member is always very keen to talk. We are preoccupied with creating some growth for the poor around the world.

• (1152)

Some hon. Members: Hear, hear!

* * *

TRANSPORT

INCREASE IN TOLLS ON ST. LAWRENCE SEAWAY—EFFECT ON NIAGARA PENINSULA

Mr. S. Victor Railton (Welland): Mr. Speaker, my question is for the Minister of Transport or the acting Minister of Transport. At a recent meeting between members of parliament of the Niagara Peninsula and the Regional Council of Niagara Chambers of Commerce dire prophecies were made that the peninsula economy would suffer disastrously if tolls on the seaway, particularly the Welland Canal, were raised at the end of this year and that this would cause a great reduction in canal traffic and diversion of freight to other modes of transport. I do not share this opinion, but I would like to ask the minister if he would make a statement which would justify the raising of tolls and doubling them on the Welland Canal, a statement which would reassure the people of our constituencies that no economic hardship will result from this action.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, on August 4 last, the Minister of Transport announced this raise in tariff for the seaway but of course we are prepared to listen to the hon. member's representations, and I shall personally put to the minister's attention this important matter which has been raised this morning by my hon. colleague.

* * *

[*English*]

FINANCE

REQUEST FOR DETAILS OF $100 MILLION EMPLOYMENT CREDIT PROGRAM

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance, and it deals with the minibudget of last night which has been received by the outside market with a 5 point drop on the Toronto Stock Exchange. Would the minister be willing to elaborate a little more fully on the $100 million employment credit program to which he referred last night? Specifically, what has he in mind to put in place with respect to that type of employment credit, and when will it be felt, in view of the high unemployment we are now experiencing?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I hope to be able to make final decisions regarding that bill during the next few weeks. We hope to be able to introduce it in the House before the end of this year so that it may be enacted in early 1978. The hon. member will at that time obtain the answers to his questions.

[*English*]

INQUIRY AS TO PLANS TO RAISE MONEY OUTSIDE OF CANADA

Mr. Sinclair Stevens (York-Simcoe): In view of the fact that it was disclosed last night that there will be a new federal cash requirement in the current fiscal year of $8.8 billion, would the minister indicate where he plans to raise that amount of money, bearing in mind that in the March 31 budget the former minister of finance outlined where he planned to raise the financial requirements, which were $2 billion less at that point? Specifically, is there any plan to raise money outside Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): At this time, Mr. Speaker, perhaps the hon. member has some grounds for complaining, but had we followed the recommendations made by the Leader of the Opposition in his speech concerning a tax reduction and a lesser deficit, had we followed that particular policy, we would obviously have had many more problems. As to the way we will raise and borrow money, my officials tell me that no problem will arise. We will use the usual avenues.

INQUIRY AS TO DATE OF INCOME TAX BILL

Mr. Fernand E. Leblanc (Laurier): Mr. Speaker, I have a question for the Minister of Finance. Last night in his statement he said on page 10 and I quote:

> Long delays in passing tax bills add to uncertainty. We should move swiftly to enact the measures proposed in the last budget and the new measures I have proposed tonight.

Considering the concern of businessmen and taxpayers in general, and since the bill arising from the last budget was shelved at the close of the second session, could the minister advise the House of the approximate date when the tax bill will be tabled?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I hope the bill will be ready within ten days and it will be introduced as soon as it is ready. I certainly hope the House will cooperate to ensure speedy passage in November, so that the financial community and all Canadians may be fully aware of the incentives announced by the Minister of Finance last spring, as well as the incentives I announced in yesterday's minibudget.

* * *

[*English*]

LABOUR CONDITIONS

POSSIBILITY OF CONSULTATIONS WITH ORGANIZED LABOUR ON TERMINATION OF CONTROLS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the Minister of Labour. In August Mr. Morris of the CLC said that there would be no further economic consultations between labour and the government until the end of controls. In view of the fact that controls are to be gradually lifted beginning April 14 has there been any communication

between the minister and Mr. Morris as to whether consultations will be begun at that date, or will that depend upon the ending of the collective agreements which will carry on past that date, which means there will not be any effective consultation for at least another year?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I should indicate that the leadership of the labour movement has just had an opportunity to read the statement made by the Minister of Finance yesterday. After they have had an opportunity to study all the implications of that statement, I will be more than anxious to consult with them to see if they are prepared to meet again and to enter into discussions relative to certain advancements we wish to proceed with relative to the omnibus bill on the Labour Code, of which the hon. member is well aware, and other initiatives of the government relative to easing the burden on the unemployed in this country.

REASON FOR CHANGE IN GOVERNMENT'S ATTITUDE TOWARD ENDING CONTROLS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, on August 31 the minister said: "In the absence of agreement on voluntary restraint the government intends to keep the controls in force". In view of the fact that there is no agreement for restraint on the part of labour, what caused the government to change its mind?

Hon. John C. Munro (Minister of Labour): I think it is clear what the policy of the government now is. We feel that the inflationary situation is very serious, and it has a severe impact on the organized worker. The treatment we are affording the problem is not one with which the leadership of the CLC agrees. However, as the hon. member may know, it certainly has a large degree of support amongst the rank and file, if the Gallop polls in which the hon. member and his party seem to have considerable faith, are any indication. Our approach is supported in various sectors as far as workers are concerned.

Now that we have indicated we are prepared to move into a decontrol period in April of next year, I hope that we can enter into further discussions with the labour movement relative to controlling the inflationary situation after we move into decontrol and after we are completely out of controls. Those discussions would concern the interests of labour, the business community and those of the government. That being the case I cannot see why we will not be able to get discussions underway again soon.

* * *

FINANCE

POSSIBILITY OF REMOVING CAPITAL GAINS TAX— GOVERNMENT POSITION

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the Minister of Finance. In view of the fact that succession duties and capital gains taxes mitigate against the acquisition of family farms or family owned businesses by family members, does the minister intend to take the lead of the newly elected government in Manitoba, which has committed itself to the removal of succession duties? Would the minister indicate whether he favours the removal of capital gains taxes as a result of transfers of family farms or of small family owned businesses to close family members so that young Canadians especially will be able to carry on with the enterprises of their families?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I made my announcement regarding tax measures yesterday. Any new suggestions by any hon. member will be taken into consideration, and when I present a budget I will deal with those suggestions at that time.

* * *

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, my question of privilege has to do with the broadcasting of last night's sitting after eight o'clock on the CBC French network. The millions of dollars which were authorized by the Parliament of Canada for broadcasting the debates should serve the whole of the people. To do that it is essential that when a minister has a statement to make which is as important in nature as the one that was made last night by the Minister of Finance (Mr. Chrétien) entitled *Economic and Fiscal Statement* the period of live broadcasting by CBC should be extended for as long as necessary to allow a representative of every party democratically represented in this House to make his point of view known on the minister's statement. Now, last night, the live broadcasting by CBC enabled Canadians to see and hear the Minister of Finance, the financial critic of the official opposition, and for a few minutes the representative of the New Democratic Party. Unfortunately, the public was unable to see and hear the representative of the Social Credit Party who also had interesting things to say. That injustice vis-à-vis our party shows that the media people want to continue to make Canadians believe that there are only three active parties in this House. It is a form of injustice against which I take strong exception, and I ask the chair to have the matter referred to the committee of the House appointed to supervise the broadcasting of the debates. I warn this House that a repetition of injustices of this kind will not be likely to promote good harmony in this House as well as national harmony. We have people to serve and we do intend to use the same tools as the other parties in this House to discharge our responsibilities. Parliament and Crown corporations must set the example in practicing justice. I hope we will not have to come back on this again. I hope the point is well noted.

Mr. Pinard: If I may be allowed to make a short comment at this point, Mr. Speaker, I want to point out that the terms of reference handed down to the committee appointed to supervise the implementation of radio and television broadcasting of the proceedings of the House and its committees provided for the introduction of television in this House with-

out determining or seeking to determine what the media should do. I do not think we should want to limit the freedom of the press in Canada, and if the media chose yesterday to broadcast in part what went on in the House of Commons I think that in a country where freedom exists that is still their privilege. I understand the hon. member's disappointment that his party should not attract more attention than necessary at this time but that is not the fault of the House of Commons.

In my opinion, Canada enjoys a freedom of the press which must be respected and, as far as we are concerned, our duty as members of the TV and radio broadcasting of proceedings of the House and its committees is to see to it that everything said in the House be taped to form a kind of electronic *Hansard* available to all people, be they Social Credit members, citizens or news broadcasters.

In the past, Mr. Speaker, the journalists used to choose what they wanted to report from *Hansard*, so I would humbly submit that they did the same yesterday when broadcasting what they found to be most proper or most interesting in what went on in the House of Commons.

On the other hand, as a member of the committee I am prepared to discuss the question and I feel this is a privilege we have; but unfortunately we did not have time to look in depth into that question on account of the urgency and of your dispatch in presiding over this committee in order that the TV and radio broadcasting of the proceedings of the House could begin six months after establishment of the committee and at the very beginning of this session, last Tuesday.

Mr. Lambert (Bellechasse): Never would I have thought a French Canadian could abet injustice to that extent!

Mr. Caouette (Témiscamingue): Mr. Speaker, I also rise on a question of privilege.

Mr. Speaker: The hon. member for Témiscamingue.

Mr. Caouette (Témiscamingue): Mr. Speaker, I regret to have to report that a Crown corporation which is allowed by the committee of the House of Commons to film the debates in the House of Commons systematically refuses to report the position of a political party which was elected the same way any other political party in this House was. This situation cannot be tolerated. This is why the member for Bellechasse (Mr. Lambert) made it a question of privilege.

On the first day when the debates were televised, the CBC did indeed show the intervention of three political parties but refused to show an image of the fourth political party. The next day they finally agreed to show a short sequence. Yesterday, during the debate on the minibudget, the same thing happened again, that is the CBC refused once again to report the position of the fourth political party and went even further than that. What cannot be tolerated, Mr. Speaker, is when a commentator on the French network takes away the remarks made by the representative of the Social Credit Party of Canada and puts them in the mouth of the representative of the New Democratic Party. We therefore ask you to make representations to the committee in order to correct this situation.

Mr. Speaker: Order. The hon. member for Bellechasse (Mr. Lambert) has raised a question which directly deals with the actions of the CBC, but not precisely the actions or specific procedures of the House of Commons. In such a case, it would not exactly qualify as a question of privilege with regard to the actions of the House of Commons. However, this is a rather complicated subject which we will certainly discuss on a permanent basis in the special committee on the broadcasting of the proceedings of the House and its committees which was recently reconstituted by the House. This will certainly be one of the most important subjects of discussion for this committee on which, it goes without saying, there is a spokesman for the Social Credit Party of Canada, the hon. member for Abitibi (Mr. Laprise), so it is clear that this subject matter will have to be discussed in that committee. But obviously as it directly relates to the actions of the CBC but not to the actions of the House of Commons, this matter cannot be raised as a question of privilege.

• (1202)

[*English*]

* * *

Mr. Broadbent: Mr. Speaker, I have a question of privilege which pertains to the Minister of Finance. But he has left the chamber, so I shall wait and raise the issue on Monday, when I expect he will be here.

Mr. Speaker: Order, please. I meant to preface my remarks in recognizing the hon. member for Oshawa-Whitby as he had telegraphed the nature of the proposed question of privilege. It seemed to me to be a classic disagreement in interpretation of the actions of the government vis-à-vis the Export Development Corporation. One of the things about which the hon. member would have to persuade the Chair is that it is more than a disagreement and extends to a question of privilege if and when it does arise.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on what I hope is a question of privilege. It affects the operation of the House, it affects the rules of procedure, and in an important way concerns the procedure adopted by the government last night with respect to the statement made by the Minister of Finance.

I am not going to deal with the merits of the statement, adequate or inadequate as it was, depending upon one's point of view. Something happened in this House, however, which I think impedes the rights of members, and, if allowed to continue, could impede the rights of members to make comments on budgetary matters. In addition, it merges into the tradition of the debate on the Speech from the Throne, which is a broad and searching consideration of the government's whole policy, fiscal and monetary and budgetary considerations.

It becomes important because, in effect, what happened was that the government heralded this as a budget, in its proportions and in its importance, and had the Minister of Finance speak during the debate on the Speech from the Throne when, traditionally, statements of this nature have been brought to the House in a budget speech, which would give six days of debate specifically related to budgetary matters.

That is one aspect of the question upon which I rise, namely, that members have been deprived of that kind of debate by this procedure. It may be completely legal, but it is questionable in the parliamentary sense.

● (1212)

The second matter I should like to deal with is that the usual courtesies were not extended to all the opposition parties in terms of consideration in advance of budgetary matters which have traditionally accompanied what has been a budgetary speech. I am not talking about time, because there was to be a 30-minute preview. That was extended to an hour because it was requested. I am talking in terms of the documents themselves, which have traditionally been allowed to be viewed in their entirety by the critics of the parties during the lock-up. That did not occur on this occasion.

The document I have in my hand was tabled with consent because of the situation we were in last night. The document is entitled, "Economic and Fiscal Statement". It was available then. It was not dealt with in the meeting but it was referred to in the speech of the Minister of Finance. By failing to do that, and by operating as if it was dealing with a budget, the government denied one of the traditional avenues to the opposition parties and, indeed, to all members of parliament.

We cannot allow this practice to continue. The government cannot have it both ways. If matters are to be dealt with in a budgetary way when we are dealing with budgetary matters—which was the purport of the speech—members of parliament are entitled to all the protections and courtesies with respect to budgetary matters that have been traditionally extended, unless there is agreement to the contrary. I must say there was no agreement to the contrary.

Our understanding of this entire matter was that there was to be a speech delivered on economic matters through the course of the throne speech debate. If it was to be otherwise, the government owed opposition parties, the Parliament of Canada and the people of Canada, the courtesies they would otherwise extend on budgetary matters. This is something which has to be looked at carefully, because they have smuggled a budget into the throne speech debate, without the courtesies or examinations which are traditionally allowed.

I rise on this occasion because it came to my notice this morning, after the time in which I could give Your Honour formal notice, the fact that parliament had been sidestepped. I may be wrong. I am not suggesting it was done in bad faith. It might be viewed as smart politics or slick parliamentary procedure, but however it came about, the Parliamentary Secretary to the Minister of Finance should convey these views to his minister.

[Mr. Baker (Grenville-Carleton).]

The Minister of Finance is not here. Therefore, I feel he should be made aware of the fact that we believe parliament has been sidestepped in a very important way. Perhaps there are other members who want to deal with this matter further, because it is quite serious in terms of limiting the rights of members of parliament to deal for six days with items which are budgetary, outside the usual throne speech debate.

We all talk about proceeding within the rules of the House of Commons, shortening speeches, limiting time, working on semester systems, in order that parliament may function better. Also, we would like a better committee structure, and private members' hour to be improved. There is a whole host of things which will be dealt with at some time when we look at the procedures of this House.

I say to the parliamentary secretary that this is not the way to go about it. This place operates properly with reasonable consultation and consideration. It is not only what ministers and members would like it to be, but what it, in fact, is. In terms of the budget, parliament was short changed by the government. I take this opportunity to bring the matter to the attention of the parliamentary secretary so that he will take it to his minister.

Mr. Speaker: Order, please. No notice has been given to the Chair of the intention to raise this point by way of a question of privilege. This question relates to something which happened yesterday, and not something which happened during the proceedings this morning. If I permit that to be done, without notice, on one occasion, I will have to permit it to be done again and again, without proper notice. The matter does not constitute a question of privilege. No motion is attached to it. I cannot permit expanded discussion on something which is not a question of privilege and does not conform to our procedures.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

BELL CANADA—FIRST REPORT OF EXAMINER OF PETITIONS FOR PRIVATE BILLS

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the first report of the examiner of petitions for private bills, praying for the passing of an act authorizing Bell Canada, city of Montreal, province of Quebec, to increase its capital stock, and for other purposes.

* * *

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order on two counts.

The first count is this. In short, I should like to say that I am fully in favour of TV broadcasting, for it will bring about procedural changes in the House, an essential one of which should prevent hon. members of the opposition from making their views known, as some did today, while the government has no right to reply, thus showing the viewing public only one side of the coin.

The second reason I rose on a point of order is that—

Mr. Speaker: Order, please. I came to a decision—

[*English*]

Mr. Paproski: You cannot question the Speaker; sit down.

Mr. Speaker: Order, please.

Mr. Alexander: You do not question the Speaker around here, sir.

Mr. Speaker: I made a decision with respect to the possible question of privilege raised by the hon. member for Grenville-Carleton. I indicated that it does not constitute a question of privilege. It is something I rarely do. It has been contributed to by only one side. The matter is closed.

Mr. Yewchuk: Mr. Speaker, in regard to the point of order raised by the hon. member for Grenville-Carleton, I feel further comments could be made because it is, indeed, a matter of order. I am referring to additional comments which would help to elaborate on the situation.

Mr. Speaker: I think the point was raised adequately by the House leader for the official opposition. It is a point which deals with attitudes of co-operation in the House. It does not deal with procedure, because there is no compulsion or requirement that the matter be dealt with any differently than it was—except the subject of co-operation which was raised. It was raised in the spirit of notice to the government with respect to attitudes of co-operation in the House. I do not know if that is a valid statement or not. I have to decide whether it is a procedural matter. If it is to be raised, it will have to be raised properly within the procedures of the House. It has not been done in that way, and the matter is now closed.

* * *

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order.

Concerning the reply made to the question on the order paper under the name of the hon. member for Vaudreuil (Mr. Herbert) which appeared in *Hansard* for October 17, 1977, on page 8213, I have checked and been assured that it was only by an oversight that this reply was shortened. The complete reply appears in *Hansard* for yesterday on page 62.

● (1222)

[*English*]

Mr. Hnatyshyn: Mr. Speaker, I rise on the same point of order. I am glad the parliamentary secretary has again raised this matter, which was originally raised yesterday by the Postmaster General. I wish to speak to the point of order.

The action taken by the Postmaster General in effect places in question in this House the role of the parliamentary secretary vis-à-vis the executive, or cabinet, in the House. I find that a rather peculiar procedure is now being brought into the proceedings of this House. At any point in time a minister on the treasury benches can, in fact, rise and disclaim responsibility for an answer provided on behalf of the department by parliamentary secretary.

If we are to have a system of parliamentary secretaries and a system involving ministerial responsibility, I very much doubt that it is in accordance with the procedures of this House that an answer by a parliamentary secretary can be disclaimed on a subsequent date by a minister. There are other vehicles and other ways by which a minister can admit the incompetence of his department, himself or his parliamentary secretary, other than bringing it in under a point of order.

We now have answers provided by parliamentary secretaries to legitimate questions on the order paper. It is not proper for ministers then to go around this country and say that it was not the minister who answered, but a parliamentary secretary, and what does he know? He can say he has been misinterpreted, the parliamentary secretary is not very bright, or there was a mistake and therefore it is not binding, on the government.

If this practice is to be carried to its logical conclusion, the only attitude that we on this side can take is that anything provided by a parliamentary secretary is not to be believed or accepted as a valid response by the government, and that unless we ask the minister himself we cannot use the answer for the basis of debate.

Mr. Speaker: Order, please. As I understood it yesterday—and I want to keep this matter in correct perspective—the Postmaster General was saying that the answer he provided was not the one the Parliamentary Secretary to the President of the Privy Council gave to the House. It was not his own parliamentary secretary who was involved; it was the Parliamentary Secretary to the President of the Privy Council, whose responsibility it is to table answers, on behalf of all ministers, to written questions.

Mr. Blais: Mr. Speaker, I regret that the time of the House is being spent on a matter such as this. The hon. member for Saskatoon-Biggar could have cleared this up himself if he had read the context exactly. He is following in the footsteps of the hon. member for Grenville-Carleton—misusing the time of the House in order to get some publicity in front of the cameras.

Some hon. Members: Shame.

Mr. Blais: I know that Your Honour is very much aware of that. I hope hon. gentlemen on the other side will employ a little more judgment in the use of House time, in view of the fact that we are experimenting in this House with a very powerful medium. They should practice more responsibility than they are. The hon. member's position—I refer to the hon.

member for Saskatoon-Biggar, because it is very difficult to differentiate between what he is advancing and what is advanced by the hon. member for Grenville-Carleton—is something that is permitted to all members of this House, including members of the treasury benches, namely, to correct a reply that has been provided where the information given to the House was inaccurate.

My right to do so was even more enhanced by the fact that there had been misinterpretation by the Parliamentary Secretary to the President of the Privy Council in the reply he provided to the House.

In order to speed up the process of replies given in the House, especially when questions are asked of all government departments relating to certain information, it has been the custom of the Parliamentary Secretary to the President of the Privy Council to gather the replies from the various departments and compile them in a form which is intelligible. This is the first time, in my memory—and I occupied that position for 18 months—that such an error has been committed. It created some impact in my department because the information in the misinterpretation was detrimental to personnel in my department. As the hon. member knows, it is not only my right, but my duty, to correct any misinformation or misinterpretation provided to this House.

Mr. Hnatyshyn: Mr. Speaker, I rise on a question of privilege. I am sorry that the Postmaster General has taken occasion to impute a motive that somehow the point I was raising was other than proper, suggesting the only reason I rose was because I was trying to get publicity for a particular position before the television cameras. I know the disability—

Mr. Speaker: Order, please. Surely the hon. member for Saskatoon-Biggar is not going to suggest that every time somebody accuses another member of seeking publicity or wasting the time of the House, I am going to recognize it as a question of privilege. If that is the argument that is going to be put forward, it is asking me to take a course of action that would be extremely drastic to both sides of the House.

Mr. Hnatyshyn: The minister went on to suggest that I somehow went on to mislead the House.

Mr. Blais: I never said that at all.

Mr. Hnatyshyn: Your Honour knows that we are involved in a debate on the question of interpretation of questions and answers. It is a matter of interpretation—nothing more, and nothing less. The Postmaster General is attempting, by this procedure, to bring in the treasury benches truth squad with respect to whether answers are, in fact, accurately reported or whether there are nuances. Are we to continue with this kind of correction, at the expense of the time of the House of Commons, with the Postmaster General getting up every day and saying that an interpretation was not correct?

Mr. Speaker: Order, please.

[Mr. Blais.]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

LABOUR CONDITIONS

LAY-OFFS AT INCO PLANTS

Mr. Allan Lawrence (Northumberland-Durham): As you know, Mr. Speaker, because I have given you the required notice, I intend asking for leave to introduce a motion to adjourn the House under Standing Order 26. Before doing so, may I emphasize that a similar motion, under a similar rule, was accepted this morning by the Speaker of the Ontario legislature. I think I am forbidden by the rules to indicate anything more than the fact that I intend to ask for leave to move the adjournment of the House under the terms of Standing Order 26.

I do so in view of the very real emergency that exists and will continue to exist over the next few months in the economies of northern Ontario, the Niagara region of Ontario and northern Manitoba, among others, because of the ruthless and unexpected decision by the INCO metals company drastically to cut back production and mining operations in Canada, resulting in the loss of between 3,500 and 4,000 jobs in Sudbury, Ontario—a place Your Honour is well acquainted with—Thompson, Manitoba, and Port Colborne, Ontario.

I do so, sir, because I firmly believe that this House should have the opportunity to consider immediate, urgent remedial action which really can only be discussed in a sensible and meaningful way in a special debate of this nature.

Mr. Speaker: Order, please. Having given the required notice, the hon. member has conformed with the requirements of Standing Order 26. The hon. member asks that the debate be set aside in order to give immediate and urgent attention to this problem. The hon. member is quite right; it is obvious, as the hon. member for Sudbury, that I am, personally, deeply affected and deeply aware of the gravity of this problem, for it touches my community more severely than any other community in the country.

● (1232)

The application has been recited by the hon. member in terms of the Standing Order, and I have no hesitation in

agreeing with him as to the gravity of the matter. I am, of course, aware that the Ontario legislature is sitting today in special session on the subject. Nevertheless, I have to enforce the rules consistently. Standing Order 26, under which this application is made, reads in paragraph (5) as follows:

In determining whether a matter should have urgent consideration Mr. Speaker shall have regard to the extent to which it concerns the administrative responsibilities of the government or could come within the scope of ministerial action and he also shall have regard to the probability of the matter being brought before the House within reasonable time by other means.

The subject matter before the House at the present time is, of course, not only the address in reply to the Speech from the Throne, which has always been an occasion for the widest latitude in debate, but an amendment which was moved on behalf of the hon. member's party. It is one which relates directly to economic matters, and it would add the words:

—but this House regrets that the incompetence of Her Majesty's ministers has damaged Canada's economy and undermined confidence in it at home and abroad.

The terms of that motion, it seems to me, permit discussion of this subject not only this afternoon, on one day, but in the six remaining days—today, and all of next week. Further, when this amendment is disposed of, presumably on one of the scheduled votes next week, pursuant to Standing Orders, another amendment can be moved by any member of the House; and I would certainly invite hon. members to consider the possibility of doing so if they so desire. Amendments can be directed to any industry or to any aspect of the economy. If it is the intention of any member to bring this subject to the forefront of discussion in the House, he has six days in which to do so: it is open to him to put forward an amendment should he so desire. But even if a specific amendment is not to be put forward, this matter can be discussed, beginning when orders of the day are called within a few minutes.

To the hon. member for Northumberland-Durham and to all members who are interested—I have in mind, for instance, the hon. member for Nickel Belt, whose constituency borders mine and who, I understand, intends to speak today—I say that I am perfectly prepared to give recognition to him in a few minutes, on orders of the day, and to consider carefully, this day and during the forthcoming days of this debate on the Speech from the Throne, recognition on a fair and proportionate basis of any members whose intention it is to concern themselves with this problem and to address themselves to it, and of any government members who are in a position to respond for the government in regard to this crippling blow which has been dealt to Sudbury and to the economy of Canada by the action of the International Nickel Company.

It appears to me that to rule otherwise would be inconsistent with any past ruling on the application of Standing Order 26. But instead of having only one day, we now have six days in which hon. members have my assurance that if they wish to address themselves to this very serious problem, the Chair will see to it that they have the floor at the appropriate time.

Mr. Lambert (Edmonton West): On the point which has been raised, Mr. Speaker, I find that the ruling Your Honour has made is one which affects my privileges and rights as a member of the House, as it affects those of other non-government members. I call attention to a situation I have noticed for some time, and I regret that the decision should have gone this way.

The debate on the address traditionally gives hon. members generally the opportunity to raise various points. Discussion is not limited, and this affords an opportunity for backbenchers to address themselves to the problems of their constituencies or of the nation. I would point out that already, quite legally, a minibudget has literally been dumped into the throne speech debate. This, in itself, pre-empts a portion of the time available for speeches by backbenchers. Now, as a result of Your Honour's ruling, a further subject has been introduced with an indication that priority will be given to it. In my view, this has the effect of foreclosing comments and speeches and the right of hon. members to speak—

Mr. Speaker: Order. The hon. member seeks the floor on what he calls a question of privilege. The hon. member's privileges have not in any visible way been affected by the ruling by the Chair today. If at some time they are, I would think the hon. member would have the opportunity at that time to raise a question of privilege. The Chair has indicated that, in proper proportion to other subjects and to other speakers, it will recognize those who wish to address themselves to the very serious subject which has been raised. Those who are directly concerned with it compose only a small number of members. Other members are interested in the general question as it affects the economy.

It seems to me perfectly reasonable to expect that the Chair ought to be able to accommodate that point of view and to recognize those hon. members during the course of six days of debate, without in any way doing an injustice. But if there is an occasion on which any injustice is done to an hon. member, I will deal with it when it arises.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise simply to indicate that my hon. friend from Nickel Belt does wish to speak on this subject today, and I hope he can be recognized at least among the first three speakers.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Thursday, October 20, consideration of the motion of Mr. Dennis Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session; and the amendment thereto of Mr. Clark, (p. 30).

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the Speech from the Throne, deliv-

ered so graciously by the Queen, emphasized the central importance of energy to our economic future and, indeed, to the very coherence of Canada. Speaking of the field of energy, it stated:

> It will continue to be the determined poiicy of the government to work with the provinces toward the goal of self-reliance by encouraging exploration and conservation to reduce our dependence on imported oil. Further encouragement will be given to the development of energy-saving technology, of renewable energy sources and the application of solar energy.

I should like to direct my remarks to the passage in the Speech from the Throne which I have quoted. I suppose that 110 years ago it was transportation policies, transportation decisions and transportation projects such as the CPR which forged the links holding this country together and established the basis of our economic development. Transportation policies and projects are, of course, still fundamental to the economic future of this country and to its unity. But increasingly, I believe, Canadians are recognizing a relatively new policy area, that of energy, as having the same kind of importance both today and for our future as transportation questions did in the past. Indeed, it seems to me that coal fields, natural gas fields and oil fields are going to be as important in the future as the wheat fields of Canada have been in the past. I believe that oil pipelines, natural gas pipelines, slurry coal pipelines and high voltage transmission lines will be as important in the future as rail lines and waterways have been in the past.

Canada is blessed with huge potential resources—I emphasize the word "potential"—but we shall not be able to develop those resources easily. It will not be cheap energy. For the most part it will be difficult to locate the potential supplies, expensive to develop them, and very costly to transmit them to markets because, for the most part, those resources exist in far away places remote from consumers.

● (1242)

We in Canada have an opportunity which many, if not most, countries do not have. We have the opportunity to use our engineering ingenuity, and the opportunity to marshall the financial resources, management and manpower to undertake really significant projects, projects which can have a compelling and determining effect upon our future. Those projects, for the most part, are going to be aimed at reducing our dependence upon foreign oil.

As hon. members know, oil represents very close to 50 per cent of the primary energy consumed in this country. Hon. members also know that we are becoming more dependent upon imported oil for the consumption of energy. Indeed, in the past six months our imports have been running at the level of about 600,000 barrels a day. Our economic future, indeed our future as a federal nation, is going to depend upon how we meet the energy challenge, upon how we establish ourselves as a self-reliant nation. For let there be no mistake about it, Mr. Speaker: there is a looming energy crisis which is not far away. It may not yet be perceived by the public. It is not unlike, in many regards, the iceberg which sank the *Titanic*. It is no less real because there is no public perception, or strong public perception, of this looming energy crisis at the present time.

[Mr. Gillespie.]

Indeed, the fact that there is no significant public perception of it at the present time is, I believe, an additional danger for us in the future. I refer hon. members to the Gallup poll which was published within the last two days, indicating that just about 50 per cent of the people of Canada do not regard the next five years as being a period in which we will be faced with a serious energy crisis. Clearly, the perception is not there.

Not very long ago—within the last two weeks—I had the privilege of chairing the International Energy Agency meetings at the ministerial level. It was the first meeting of the International Energy Agency at the ministerial level in 2½ years. It was a meeting of ministers from 19 countries, the major oil importing and energy-using countries of the world. I think the two themes which probably dominated our discussion more than any others were, firstly, the stark reality that we will not have a choice as to whether or not our energy consumption—our oil consumption in particular—will be reduced. We have the choice as to how we reduce it, but we do not have a choice about its being reduced. Because if we do not take action ourselves to reduce through conservation measures, through substitute energy measures, through the development of new sources and through reduction of our consumption of imported oil, then others will take that decision for us.

The second stark reality was that all ministers of the consuming countries recognized explicitly, in most cases, that perhaps the biggest problem they have is conveying this sense of impending crisis, this looming energy crisis, to their people and getting the public support that they need in order to introduce measures to avert the kind of crisis situation I have been describing. It is a crisis which most of the industrialized world is forecasting to take place in about the year 1985, a period when the OPEC nations will not be able to deliver the kind of oil upon which the economies of the western world have been based. The economies of the western world have been growing in economic terms and in energy consumption terms.

For that reason, ministers took the decision to limit oil imports. The target was set of 26 million barrels a day, which compares roughly to 22 million barrels a day at the present time. Canada made the same political commitment which a number of countries made to limit our oil imports by that date. Our commitment was the commitment, which we put forward in "Energy Strategy for Canada" a little over a year ago, to reduce our imports to one-third our consumption, or to 800,000 barrels a day, whichever is the lesser.

Again, let there be no misunderstanding, Mr. Speaker: if we—that is to say, the western world—fail to understand the magnitude of this problem and fail to react to it, the change which is inevitable will be a very much more painful one. Our choice is that of being able to take measures to ease the pain, to ease the cost, to smooth as far as possible the transition from what has been an economy ever-growing in ways which, in terms of energy, has been ever-wasteful.

Failure to solve this problem will have profound effects upon the standard of living of Canadians, as it will upon those in other countries. It will have a profound effect upon the world

trading system. We are already starting to see protectionist attitudes develop with respect to world trade. Many of those protectionist attitudes are being developed as a result of the oil import bill which countries are increasingly having to finance in a deficit way because they have not been able to develop their own merchandise account to cover the increasing cost of their oil imports.

If we do not avert this crisis, we will be faced with increasing world tensions, particularly with the Third World countries which for the most part are not going to be able to deal with this problem in the same way as the industrialized nations. They have fewer choices. Indeed, I do not think it is too much to say—and this was reflected by ministers at the conference—that the very future of western democracy itself is at stake. It is not over-stating the position to say that unless we find a way of managing this impending crisis, the fragile nature of our democracy may not be able to withstand the shock.

I should like, Mr. Speaker, to re-emphasize the remarks the Minister of Finance (Mr. Chrétien) made in his address last night. He emphasized a number of very important things, particularly in regard to energy. He stressed the need for investment in Canada to create jobs. He emphasized the need to take measures which are going to help improve the serious balance of payments problem with which Canada is faced. It seems to me that in the energy field we have an opportunity of doing some of these things but it is going to require some changes, and I think his remarks last night reflected the kind of changes to which Canadians should be looking. For example, he referred to the rather special area which he described as the critical energy area, along with several other areas such as housing and fisheries. The minister said, as reported at page 101 of *Hansard*:

> In all these, and many other areas, much more has to be done by investment policy and basic structural changes. We intend to promote such changes, to seek the active co-operation of the provinces, and to engage as widely as possible in consultation with business, labour and other economic interest groups.

Clearly, Mr. Speaker, there is a signal that the government is prepared to re-examine some of its policies in this critical area which affect investment in this country. So far as energy is concerned, I think the best way to put the government's policy would be to summarize it around four basic thrusts. The first thrust is through energy supply polices which are aimed at stimulating the private sector to undertake huge energy projects across this country. I will deal with those in a few moments.

● (1252)

The second area of thrust is through energy conservation and renewable energy initiatives by the federal government. I will deal with those in a moment. The third is through legislation and other initiatives aimed at protecting the public interest in three specific areas: firstly, providing information on cash flows from the petroleum corporations, to ensure that those cash flows are reinvested in conformity with the government's policy for new energy supplies—that will be covered by the legislation, the petroleum corporations monitoring act—secondly, ensuring a fair return to Canadians for the successful exploitation of Canadian Crown lands in the development of oil and natural gas—that will be covered by a new act, the oil and natural gas act. The third area of protection to Canadians, in the public interest, is ensuring the most effective methods for the regulation of the nuclear fuel cycle. That will be covered in a new act, the nuclear control and administration act. The fourth area of thrust is to work with the provinces toward the attainment of these objectives.

I would like to turn quickly to the supply side. I would like to run down a few of the kinds of projects which I think are illustrative of the projects for which we should be aiming, the kinds of projects we should plan to undertake in the next few years, the kinds of projects which are anticipated in the huge forecast of $180 billion in energy investment between 1975 and 1990. The kinds of projects I am talking about are the Foothills (Yukon) pipeline—which I hope in part will start very shortly—a project which runs, in 1975 dollars, at around $4 billion and which should generate roughly 100,000 man-years of employment; and the Tar Sands III plant. The bill for it is much in the same order; it will amount to around $3 billion, in 1975 dollars. There is every indication that in terms of man-years of employment it will be comparable, perhaps even significantly greater, because the permanent employment associated with the Tar Sands III plant would be significantly greater than that of a major pipeline.

Another project is the expansion of the existing Syncrude plant, which should come on in the next year, by another 75,000 barrels a day, the expansion of the GCOS plant, the first Tar Sands plant, by another 25,000 barrels a day, and a major investment in Cold Lake for the development of heavy oils, roughly $2 billion to $3 billion for a 100,000 barrels a day upgrading plant. There is the opportunity of another heavy oil upgrading plant in the Lloydminster area, of the order of $1 billion in investment and a 100,000 barrels a day. Electrical generation projects in the Atlantic area, the Gull Island project, for example, a $2 billion project and for example a tidal power project in the maritimes which would run close to $1 billion. These are examples of the kinds of projects which we should be planning to put into place over the next few years.

Mr. Gillies: That should have been done ten years ago.

Mr. Gillespie: I believe the projects can largely be undertaken, in the sense of being financed and managed, by the private sector. Clearly, there will be a need for the provincial governments and the federal government to participate in the development of some of these projects. I do not suggest that these projects are by any means the totality, but I indicate them as the kind of really major projects we shall be undertaking. In total, in 1977 dollars, just the ones I have mentioned would add up to $20 billion. That is a significant investment challenge for the Canadian people and primarily, I suggest, for the private sector.

I believe there are a number of other government initiatives that should be mentioned at this time. As I have already

indicated, we need to work out the fiscal terms with Alberta and Saskatchewan which will ensure the development of a third tar sands plant and which will encourage and ensure the development of future heavy oil plants. Of the ones that I have mentioned, clearly there should be one in Saskatchewan. The Saskatchewan government has already expressed an interest in that and Petro-Canada is discussing the project with them. Two more could be started too in the Cold Lake project and perhaps another one in Alberta.

Through its budget, the government has already provided fiscal incentives for more heavy-cost exploration in the far north. I believe that Petro-Canada can play a useful role with respect to a heavy oil plant, as I have indicated, and I think Petro-Canada can also play a useful role in helping to develop the market for natural gas in Quebec. Let us face it: if we are going to reduce our dependence on foreign oil, we shall have to do it in many cases by substituting natural gas for foreign oil.

There are other legislative initiatives which the government will be undertaking. I have already mentioned the oil and natural gas act. There will also be the northern pipeline bill which will be placed before us. Much can be done through the establishment of the maritime energy corporation, a corporation in which the governments of the maritimes and the federal government would participate. I see it as being absolutely essential to the planning, future development and co-ordination of major energy projects in the Atlantic area.

Mr. Speaker, I believe there has been agreement, as was mentioned by the Tory House leader a short while ago, to permit me to complete my remarks, which will only take a few more minutes. I would appreciate your ruling.

The Acting Speaker (Mr. Turner): Is it agreed that the minister continue until he completes his speech shortly after one o'clock?

Some hon. Members: Agreed.

Mr. Gillespie: Thank you, Mr. Speaker. I mentioned the legislative initiatives that the government will be undertaking. I have referred to the maritime energy corporation as being key to the development of the whole future of the energy supply situation in the maritimes and, indeed, could be a significant factor in export sales as well in the exporting of surplus power. I would say to the hon. member that the maritime energy corporation is absolutely essential to the development of Fundy tidal power, because that project will be too big and will have surplus energy. We have to find a way of bringing the various interests of the maritime provinces together, and I believe that through the corporation this could be achieved. That will be one of my priorities in the coming months.

I believe there is a role and a possibility of involving the federal government in equity financing of some of these projects. I do not want to raise the expectation that the federal government is prepared to put large amounts of equity financing into them, but I am saying that we are prepared to consider equity financing. In the past we have looked at the financing of major energy projects solely in terms of loans. That would make it possible to bring some of these projects to fruition.

I believe hon. members would want the government to continue, despite the initiatives of certain opposition members who at least cast doubt on the importance of our export policy on uranium. Indeed, in the question period today it was quite clear that there is a major contradiction in their policy with respect to the export of minerals. The government will continue to place pressure on conservation projects all across the country.

● (1302)

Consistent with the home insulation program, which has now been recognized as the leading program of its kind in the industrialized world, we will be active in exerting pressure for higher insulation standards in new housing. We will be extending our activities and our initiatives to the industrial side, as well, with respect to such successful programs as the energy bus program, which uses a computer and which is of major assistance to small business. This has been tried out very successfully in the maritimes. Agreements are being negotiated at the present moment with a number of provinces with respect to that program. We will be offering the Enersave program to a wider constituency as well.

The government will be placing increasing importance on research and development of energy, particularly renewable energy, and conservation. We will be increasing our budget this coming year by $15 million. This represents more than a 10 per cent increase in the total energy budget of the government for the next fiscal year. Almost all these moneys will be directed toward accelerating the high priority areas of renewable resources and conservation. Increased sums will be available for the demonstration of solar, space and water heating, and for technological development in the budding solar industry. We hope to have a significant demonstration project at the Rideau Falls, where a number of renewable technologies can be demonstrated.

We also believe that our forests and our forest wastes represent perhaps the most significant renewable energy source, after hydro, in Canada. We will be placing greater importance on combustion and gasification, and perhaps later on forest waste, as a source of synthetic fuels, in our energy research and development. On solar energy, the federal government has adopted the principle that there will be a strong preference for the use of renewable energy sources, specifically solar, in all its building and renovation programs wherever it can be demonstrated that there are no substantial differences in life-cycle costs over conventional sources. That is a significant change in government policy.

These initiatives and policies are capable of contributing very significantly to the solution of our looming energy crisis. They can also collectively make a major impact on the economy in terms of more permanent jobs. They can make a major impact upon improving our balance of payments by reducing our imports and increasing our exports. I referred to maritimes

power as part of that program. I believe they can make a big impact on regional development and regional security. Above all, I believe these policies, measures, initiatives and major projects can have a major effect on national unity.

Mr. Muir: Mr. Speaker, I rise on a point of order. The House has been gracious enough to extend the time for the minister, and I listened intently and with great interest to what he said. I wonder if it would be possible for me to have the permission of the House to ask one brief question.

Some hon. Members: Agreed.

Mr. Muir: The minister dealt with energy, naturally; that is his portfolio. He spoke about natural gas, oil, solar energy, tar sands and pipelines, and another important feature was the maritimes energy corporation. However, only once did I hear him mention the term "coal field." I wonder if the minister would advise the House what the government is going to do as a catalyst, psychologically or monetarily, to encourage the opening of new coal mines, particularly in the eastern coal fields in Cape Breton and in Nova Scotia in general.

I was hoping he would elaborate on that, because the Minister of Industry, Trade and Commerce (Mr. Horner) hardly mentioned that at the Canadian Coal Conference. I do not think he knows about coal fields in the east. He talked about Alberta and British Columbia. Would this minister be good enough to advise if he will use his influence within the cabinet to make sure that proper funds are made available to the Cape Breton Development Corporation to establish and open new coal mines on Cape Breton Island, which would provide employment in a very quick way, because of the high rate of unemployment we have in that area? I hope the minister will have something encouraging to say about that.

Mr. Gillespie: Mr. Speaker, I am very pleased to respond to that question. It is a very good question. I am not in a position to say that I can promise any additional funds to the Cape Breton Development Corporation. As the hon. member knows, it is already receiving substantial funds from the federal government. However, I can tell the hon. member that we are very interested in a proposal which has been put forward by the Premier of Nova Scotia to change some oil-fired thermal generating plants to coal-fired generating plants.

We have indicated we think that would be a very proper use of federal funds provided to the province of Nova Scotia under the agreement we reached earlier this year to reduce our dependence on foreign oil and the vulnerability of Nova Scotia to that foreign oil. I hope the talks we are presently having with the Nova Scotia government will result in a greater market for Nova Scotia coal. To the extent that takes place, there will be greater activity in the Cape Breton coal mines.

Mr. Muir: We need new coal mines.

Mr. Hees: Mr. Speaker, I wonder if I could call it one o'clock.

The Acting Speaker (Mr. Turner): It being one o'clock, I do now leave the chair until 2 p.m.

At 1.09 p.m. the House took recess.

• (1402)

AFTER RECESS

The House resumed at 2 p.m.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, as we all know, the most serious of the many problems facing the country today is a stagnant economy which has caused unemployment to rise to 8.3 per cent of the work force and will go considerably higher in the months ahead as the stagnation drags on.

Unfortunately, the government has put forward no effective plan for stimulating the economy. The Minister of Finance (Mr. Chrétien) told us recently there is no indication that the economy will be able even to absorb the new entrants into the work force during the next 18 months, let alone reduce the present high rate of unemployment.

I believe the only practical way to stimulate the economy and increase jobs is to make our products more attractive in price, quality and design. It is obvious that no Canadian, or anyone else, is going to buy a Canadian product if they can find a better product made in some other country at the same price, or a similar product at a lower price. I believe that the only way the job can be done in the conditions which will exist during the next few years is by offering incentives to reduce costs, and thereby selling prices, and improve quality and design. If we can do these things, we can increase our share of the existing purchasing power in the hands of Canadians and potential customers abroad, and increase production without increasing inflation in this country. The kinds of incentives I have in mind would do the following: first, lower labour costs; second, increase productivity; third, induce more research and development; fourth, expand export trade.

First of all, what must be done to reduce labour costs of potential new business to levels which will enable Canadians to compete successfully for that business? There is a great deal of business which Canadian companies are unable to compete for because of low labour costs in the foreign countries where the products are made. If Canadian companies are to be able to compete for a good proportion of this business, and thereby obtain additional employment for Canadians, they must have an incentive which will enable them to reduce their labour cost on this potential new business to a level where they are within striking distance of these low foreign rates. Then, by accepting a lower than normal margin of profit on this extra business in order to get started, they can compete for orders and stand a good chance of obtaining a reasonable proportion of them.

Now, what kind of incentives will do the job? The government should say to all business—not just manufacturers and processors—that it will reward over-all increases in employ-

ment during the year by way of an employment incentive which will be paid in direct proportion to the increases that are made. It is simply a matter of comparing the total number of man-years of employment by the company in the tax year under consideration with the last full year before the plan is put into operation, which will be the base year. The employment incentive would be paid in proportion to the increase in employment and the general wage level of the plant concerned, and the company would thus be able to calculate well in advance just what amounts of money it would require for various increases in employment. This would enable Canadian businessmen to calculate in advance how much their labour costs would be reduced on additional business which the employment incentive would make it possible for them to go after. All such business obtained in this way would be a net gain for Canadian employment.

● (1412)

As Your Honour knows, persons receive two-thirds of their former pay or salary when they are out of work and receiving unemployment insurance benefits. If one-third of their former pay scale is made available to potential employers who can then bid on previously obtainable contracts, and in this way provide work for those unemployed persons, they would have the satisfaction of working instead of remaining in idleness; they would be removed from the UIC rolls; they would be making a positive contribution to the economy, and they would begin paying income taxes to the government. To pay for this employment incentive we would have available to us a considerable proportion of what the government pays out each year as its contribution to UIC benefits. This year it is estimated that the government's contribution will be at least $2 billion of the more than $4 billion which will be paid out as such benefits.

The second matter I should like to deal with is the need to induce greater productivity in our economy so that we can further lower costs, selling prices and become increasingly competitive in the marketplace. To do so, we must offer incentives which will persuade producers that they will be able to pay for the new plant, machinery and production systems they will have to buy in a reasonably short space of time, and in this way make it as easy as possible for them to make the usually high expenditures involved.

The kind of incentive I have in mind would be one whereby all capital expenditures may be written off in two years, and a plant would be rewarded, in the form of a cash bonus at the end of the year in proportion to its increase in productivity during the year, compared to the base year, the last full year before the plan goes into operation.

This form of incentive has been very effective in increasing productivity in such countries as Japan and West Germany, where spectacular results have been achieved since the end of the Second World War. There is no reason why such an incentive would be any less successful in this country.

Some hon. Members: Hear, hear!

[Mr. Hees.]

Mr. Hees: I should like to deal with the steps which should be taken to increase the amount of research and development work which is carried on by industry in this country. One of the reasons we have had to rely so heavily on foreign investment in the past is that investment brought with it technology which was produced by research done in the country where the capital originated. In order to be less reliant on foreign investment, to capture new markets which are looking for new and better designed products, and to lower costs and become more competitive, it is obvious that we must carry out a great deal more research and development in this country.

To bring this about, we should allow industry to write off 200 per cent of the cost of current and capital expenditures on research and development in excess of those made in the base year, the last full year before the program is introduced. In addition to writing off the full cost in one year, it will put a considerable cash reward in the pocket of the company undertaking the research. This kind of program has been successful in significantly increasing the volume of industrial research in countries where it has been introduced, and I am convinced it will prove equally effective in Canada if the government will introduce such a plan.

The fourth incentive which I suggest is one designed to promote greater sales in the export market. Because of this country's great dependence on the United States market—we make 70 per cent of our export sales in that market—and the steady move of that country toward protectionism, the development of additional markets has become particularly necessary if we are to increase our volume of exports or even maintain our present level of export sales.

Making sales in other countries depends to a very large extent upon doing four things successfully: first, going abroad and making personal contact with potential buyers; second, finding out what is required to meet the competition in those markets; third, returning to Canada and producing a product which can compete successfully; fourth, displaying the product effectively before potential customers.

The incentive would allow producers to write off 200 per cent of all expenses connected with making trips abroad, displaying their products at foreign trade fairs, and any other expenses incurred in sales promotion in the export market in excess of those made in the base year, the year before the plan goes into operation. Not only would all such expenses be completely written off in the year when they are made, but a considerable cash bonus would accrue to the company for its additional sales promotion activities. The kind of incentive I have mentioned would greatly encourage the kind of activity which is essential if increased sales are to be made.

Another thing the government should do to help increase the sale of Canadian products abroad is to organize "fly and buy" missions, whereby the important buyers from the principal foreign markets would be brought to Canada once a year to see Canadian products displayed in giant trade shows in Montreal, Toronto, Winnipeg and Vancouver, and our heavy machinery in the factories where it is made across the country. Such operations have produced spectacular results where they

have been used, and have paid for themselves many times over through the additional business which they have generated.

In conclusion, I am convinced that if these incentives are offered to industry, they will produce the kind of economic stimulation which is so badly needed today, and we can begin the long climb back to a vibrant and healthy economy.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, there is a question which arises in my mind after hearing the Speech from the Throne and now that we have entered into debate. That is, "Who wrote the throne speech?" I think if a Martian were visiting this planet and had listened to that throne speech, he would not have realized that the people who wrote the speech have been sitting in the government benches for 45 out of the last 56 years. Since 1963 the same people have been sitting across the way; the Liberal party has been the government of this country for 45 of the part 56 years.

● (1422)

Mr. Alexander: Too long.

Mr. Rodriguez: Yes, far too long. One could comment that they are slow learners, but we appreciate that they are at least starting to learn. However, it may just be a political gimmick, because we find on page 5 of the Speech from the Throne these pearls of wisdom:

> High rates of unemployment and inflation are clear signals of the inadequacy of economic strategies appropriate to simpler times. They are also signals of the urgent need for important structural adjustments in the economies of Canada and other industrialized countries. More than that, they are the symptoms of an illness which can be cured only by a readjustment of our values, and by a re-discovery of the merits of self-discipline and fair sharing.

On page 7 it is stated:

> The human hardship imposed by the current level of unemployment in Canada is deeply disturbing. It is neither just nor tolerable that in this country there should be so many men and women deprived of the dignity of self-supporting work, unable to meet their financial commitments and plan confidently for the future. It is intolerable that so many are deprived of their right to secure productive lives, and that their families bear an unfair burden of worry, uncertainty, and deprivation. On a national scale, unemployment now constitutes a very serious obstacle to economic growth.

I am glad they finally recognize that. When the Prime Minister (Mr. Trudeau) took office in 1968, the rate of unemployment was about 3.8 per cent. Today, it is 8.4 per cent. As you go across this country you find that the unemployment rate, in several regions far exceeds that; it is often triple, and sometimes quadruple, that rate.

Since I joined the New Democratic Party we have been telling this government that there is a need for economic planning. However, the government has refused to involve itself in planning the economy so that the citizens whom they govern may get the benefit of such planning.

It is outrageous that the corporations, the mining corporations, and one in particular which I will discuss in detail a little later, are being treated the way they are by this government. The Minister of Employment and Immigration (Mr. Cullen) admitted that he was called the night before this major lay-off announcement. He was told of the number that would be laid off in the Sudbury basin and in Manitoba. We know about the wheeling and dealing that goes on on this Hill. Any time the government is considering a change to the Income Tax Act which might affect the corporate structure, one of their members runs over to the Rideau Club to have a confab with the banking and financial groups. They go back and forth to visit the cabinet ministers, and before you know it the lobbying has begun.

Insurance companies are a perfect example of that. Consultation takes place before the legislation is brought down. In this instance it is the mining corporations. It is a one-way street. In effect, the government is at the beck and call of the mighty corporations.

I invite the Prime Minister to come to the Sudbury basin and make the speech he made in London. Let him tell the people of the Sudbury basin that it is only a figment of their imagination that they are going to be unemployed; that the 2,200 people who have two years and 161 days of employment, or less, with the International Nickel Company will not really be laid off. I want him to tell them that they have been dreaming in black and white and it really is not so.

We have lost ten miners in the Sudbury basin this year because of unsafe conditions in the mine. The government has been promising, since time immemorial, that it will do something about reducing the danger to the health of workers. Incidentally, 1,000 miners have been lost in the past ten years. I want the Prime Minister to tell those miners that they have become soft because of their high living, and that they have been overpaid for the work they do. It is those across the way who are the experts in soft living.

The other day I heard a radio clip of a speech made by a former minister of finance, John Turner of Bay Street. He said that Canadians have to learn to tighten their belts and live within their means. He said they have to trim the fat. At the end of the clip, it was stated that Mr. Turner had been addressing the Association of Canadian Chartered Accountants in Hamilton, Bermuda.

Mr. Orlikow: Earning $50,000 a year.

Mr. Rodriguez: He has joined the Bay Street barons; he has joined the boards of directors of several major corporations. That same gentleman is now organizing a $125 a plate dinner at the Royal York hotel in Toronto for the Liberal party of metropolitan Toronto. Twelve hundred persons will pay out $125 a plate. Who will pick up the tab? The taxpayers. I bet my bottom dollar they will put in for receipts in order to get tax rebates under the Election Expenses Act.

Some hon. Members: Oh, oh!

Mr. Rodriguez: Instead of heckling, the hon. member for Northumberland-Miramichi, in New Brunswick, should be joining me. Unemployment in his riding in New Brunswick is now over 10.8 per cent.

Mr. Hogan: It is higher than that; it is 30 per cent.

Mr. Rodriguez: Members opposite should be pushing to get some changes in the economic planning of this country. Yesterday the community of Sudbury received a disastrous blow. We have consistently stated in this House that this government has permitted the Canadian economy to develop as a resource economy. I have here a booklet entitled "100 Years of Trade and Commerce between Canada and Japan", put out by the Japan trade centre. I have looked at the 1976 figures for Canadian exports to Japan, and Canadian imports from Japan. It is a microcosm of the situation we find ourselves in.

We have been ripping our resources out of the ground, putting them into a semi-processed state and shipping them abroad, where they are made into a processed state or final product. On page 20 of this booklet, it shows that total Canadian exports to Japan in 1976 amounted to $2,387,942,000. All the items are listed, with the amounts, which we exported to Japan. No less than 95 per cent of these items are raw resources. When I look at the imports we buy from Japan, I find that in 1976 the total figure was $1,525,560,000. All the items are listed here, with specific amounts against them. I found, as I looked at them last night and made a calculation, that 96 per cent of those amounts consist of finished products, primarily cars, cameras and electronic equipment.

• (1432)

That is where the jobs are. They are in the manufacturing sector. They are not in the resource sector at all. Just yesterday I happened to be holding one of the microphones attached to our desks, the new equipment we have brought in and for which we have paid, I don't know how many millions. I found that it was made in Austria, a country which has a population of about six million. What is the unemployment rate there, I wonder. Mr. Speaker, I bet you there is Canadian copper from the Sudbury basin in these microphones. Here is a prime example of Canadian parliamentarians speaking right into a symbol of our problem, the hinterland economy. These products have crept right into the House of Commons, not only on the government side but on the opposition side.

I do not think the answer lies in saying, as did one spokesman for the official opposition, that we ought not to be ashamed of being hewers of wood and drawers of water; that we ought not to be ashamed of selling our raw resources. That is a lot of baloney. One of the official critics for the Conservative Party, the hon. member for Don Valley (Mr. Gillies) said, and I quote him: "There is nothing disgraceful about being hewers of wood and drawers of water if that is where you find your competitive advantage."

We in the mines of the Sudbury basin have been hewers of wood and drawers or water, and every time the multinational mining companies want to pressure the government for tax concessions they diversify their operations into Third World countries and say, "Either you give us a tax break or we lay off workers". They do not even give notice. They call ministers in the dark of the night before making the announcement. I think this is treating the people's representatives in a most cavalier manner. I would point out that the minister of labour of Ontario, Betty Stephenson, was also notified the night before the lay-off announcement.

Today we asked questions in the House about the whole subject of jobs and the Sudbury basin. Some of the answers given by the Minister of Finance (Mr. Chrétien) were really revealing, and I would like to deal with them. First of all, though, I wish to bring the House up to date on exactly what is the Canadian investment in the International Nickel Company. I would like to put it into the context of INCO's lay-offs. INCO will lay off, by the end of January, 2,200 hourly-rated and staff employees in the Sudbury basin. They will use attrition to wipe out 600 additional jobs in the Sudbury basin, and 600 in Thompson, Manitoba. We must bear in mind that for every permanent job there are about three service jobs which go with it. In effect, then, one is looking at some 6,000 to 7,000 jobs. Failure of the income from that number of jobs to flow into the community will certainly be a massive economic blow to the Sudbury basin.

What is our investment, as taxpayers, in INCO, Mr. Speaker? We have allowed INCO, to date, to defer $378 million in taxes. That is the amount of tax they have not paid to the people of Canada and, in effect, it becomes an interest-free loan because it is only a paper entry; that money is not set aside in any bank. So INCO has been getting the use of that money. That is one of the investments we have in the International Nickel Company of Canada.

Then, again, under the March budget which was brought down by the previous minister and reiterated by the present Minister of Finance, INCO, using 3 per cent depreciation on its reserves, in terms of inflation accounting, plus the other goodies contained in that budget, received a benefit of $10 million. So they owe us $10 million. As well, we have loaned INCO over $70 million through the Export Development Corporation; over $70 million was loaned in Guatemala to a subsidiary of INCO called Exmibal. It involved a two-phase loan; the first phase was $17.25 million and the second was $3.5 million.

I remember, when we were considering Bill C-9 which was intended to increase the capitalization of the EDC, back in 1974, I raised the question of INCO's loan from EDC to their subsidiary in Guatemala. The question I raised was whether, in fact, this would have a disastrous effect on the INCO operations in Sudbury. I also raised the question of the $128 million loaned to the Argentinian government in connection with the CANDU reactor, a deal which we now know was so smelly it was like a barrel of fish which had been left in the sun for six days.

Then there is the loan made to an INCO subsidiary in Indonesia by the name of P.T. International Nickel (Indonesia). Again, under a two-phase program it involved some $17.25 million and $40 million. We raised questions about that loan earlier this year during the committee hearings on Bill C-47 which was to further increase the capitalization of the Export Development Corporation. We also loaned INCO an additional $20 million through a New Caledonia subsidiary

in which INCO was participating as a part of a consortium called Le Nickel.

The question we raised in committee with respect to the loan was the rate of interest INCO was paying on that money. Well, that was a state secret. That was a most secret thing, and we could not find out that rate of interest for INCO to borrow taxpayers' money. Now we know that the American EXIM bank rate was somewhere between 6.5 per cent and 7 per cent, and the president of the EDC admitted that our interest rate was below that because we have to be competitive. He told us he was out there reaching for business, so the interest rate had to be competitive and therefore less. Mr. Speaker, see how we have come full circle. That money, which really is the taxes of the workers of Canada, including workers in the Sudbury basin, has now been used to create their own unemployment. They have, in effect, funded their own unemployment. I do not think that is good enough.

We are going to see 2,200 workers laid off, whose average income is about $15,000 a year, and the average income tax payable would be about $2,500. The treasury of Canada will lose that tax revenue, and then we will pay them unemployment insurance. If they draw benefits for 50 weeks, and there are 2,200 of them, the cost to the unemployment insurance fund will be in the region of $22 million. That is not counting the spin-off effect in the service sector and that is not counting the human misery which follows these lay-offs.

I have been in the Sudbury basin long enough to know what happens. We went through the bust of 1972 when INCO cut the number of hourly-rated workers from 18,000 to 13,000. I was there; I taught in the schools. I saw families broken, and alcoholism taking over. I saw the drive onto the welfare cheque. The party to which I belong, Mr. Speaker, has never supported the paying of welfare cheques. We think workers should earn pay cheques, rather than be given welfare cheques. We do not support a situation whereby the mining industry creates a bust, lays off its workers here in Canada, and then demands that the community pick up the pieces.

With regard to Guatemala, the Minister of Finance today told me that because I come from Latin America I ought to understand that we were really helping Latin America when we did this; that we were really helping Latin America with technology. Well, the technology is not being transferred. The loan to establish the subsidiary in Guatemala will be used to scoop up the lateritic ore from the surface, put it into a semi-processed state and ship it out to Great Britain or to the United States for processing. The fact is that the Guatemalans will not get their hands on the technology. That is the whole question facing the Third World—the whole question of a new international economic order. It is the question whether rich countries like Canada and the United States are prepared to transfer, or sell the technology to the developing countries. That is the crux of the problem.

● (1442)

When the Minister of Finance says, "Oh, we have been so good hearted; all this money is really to help the Guatemalans, the Indonesians and the New Caledonians get the technology", let me tell him they are not going to own the technology. What is being done to them is exactly what has been done to us.

Now, Mr. Speaker, how does Guatemala benefit? INCO is involved in Guatemala with a "small" mining company called Hanna Mining Corporation, which is a United States mining corporation. INCO owns 80 per cent of the Guatemalan subsidiary, and Hanna Mining Corporation owns 20 per cent. It was Hanna, by the way, which discovered the lateritic ores in Guatemala. I want to place these facts before the government because the Minister of Finance said that as a Latin American I should understand that Latin America benefits. I am saying to him that Latin America does not benefit, because the multinational mining companies have developed a pattern.

As I was saying, Mr. Speaker, it was Hanna which discovered the lateritic ores in Guatemala and had connections with the dictatorship in Guatemala at the time, headed by General Carlos Manuel Arana. It is of interest to know that he was nicknamed "the butcher of Zacapa". In other words, Mr. Speaker, he respected no human and civil rights on the part of his citizens. Indeed, torture was a way of life in a country which could offer Hanna and INCO security of supply. It could offer them a malleable work force. If there were any arguments from the work force, those persons would disappear in the night. Indeed, around the site where this lateritic ore was developed he consistently placed an armed camp so that the workers could not leave the site or slip off if they wanted to stop working there. So he provided a service to Hanna and INCO by providing a captive work force.

History has now made very clear that the CIA was involved in Guatemala with the United Fruit Company in the overthrow of President Arbenz, who tried to bring some social justice to the country, which did not suit the purposes of the CIA. So the government was overthrown. It was INCO and Hanna which drafted the mining act of Guatemala, and under that act INCO was not to pay taxes for 40 years. That is exactly the way they have operated in Ontario. They were allowed accelerated depreciation allowances and the whole bit. We have been through that. INCO used, in Guatemala, the same approach which they have used in Canada so successfully.

There were several well-respected and well-known professors at the University of Guatemala who opposed the mining act developed by the "butcher", INCO and the Hanna Mining Corporation. For example, Adolfo Mijangos, a law professor, was machine-gunned in January, 1971, while he was leaving his office in his wheel-chair one month before the mining act was signed by the "butcher", INCO and Hanna. Julio Camey-Herrera, a lawyer, was machine-gunned in November, 1970, while he was driving a car. Afonso Bauer-Paiz, a lawyer and professor, survived a point-blank attack in November, 1970. These were men all well-respected in the community who opposed the INCO operation in Guatemala. They were eliminated from the scene. We know now who in that republic engineered that machine-gunning.

I am quoting this from the arguments that I raised when we were discussing Bill C-9 in committee in 1974. I asked, "If the Export Development Corporation is interested in the development of the Third World, do its officers actually investigate on the site; hold discussions with local people? Is the particular development welcomed by respected and knowledgeable people in the community?" The EDC said it was not, rather, in the business of judging local politics but, when, they were in the business of lending money.

Well, Mr. Speaker, it is our money they are lending. If the money is lent to help the Guatemalans take control of their economy so as to develop it along the lines they want, then I am all for it. But, in effect, it is not. And what about Indonesia? Amnesty International has just published a list of people who are kept in prison in Indonesia without trial, and are often tortured. This is another area of the world in which INCO is interested and has obtained Canadian taxpayers money. In every instance where INCO has moved there has been a dictatorship. There has been a malleable work force. INCO is given iron-clad agreements with respect to mining acts. They exploit those countries' resources and then they turn around and say to the Canadian government, "Give us more tax concessions or we shall have to lay off Canadian workers."

I do not pretend to know all the ins and outs of being in government or in cabinet, but here, for example, is what Eric Kierans, who was a cabinet minister in the Liberal government, and he is well versed in the economics of this country, said:

> There has never been a period of such unparalleled growth in assets and income in the corporate sector as that obtained by the 311 largest corporations in Canada and, equally, there has never been such an outpouring of hostility toward elected governments.

He went on to say that the irony of the situation is that the corporations have profited because of government policies, and that these policies have given them the power to curb potential competition. He continued:

> It is obvious (by looking at tax policy) that the government favours corporate concentration and mergers in Canada—

That is what they keep telling us, Mr. Speaker—that we have to have our own multinationals to compete with the American, German and Japanese multinationals. Mr. Kierans continued:

> Large-size firms . . . (and) established firms are accorded privileged status that compounds the difficulties and barriers facing new firms . . .
>
> Existing corporations are cementing their grasp on future resource development by being able to write off huge sums ($1.6 billion in 1973 and 1974) for exploration and development investments.

With regard to the situation in Sudbury—I know my time is coming to an end and that I will not get unanimous consent to continue, nor would I ask for it, Mr. Speaker—there is an immediate solution which it is incumbent upon this government to supply. The government ought immediately to announce the stockpiling of nickel. This has been done in the wheat industry and with butter. It has been done in the uranium industry for seven years, and it has been done with gold for years and years. I see the Minister of Employment and Immigration shaking his head. What he proposes is job-sharing. INCO loves job-sharing because that means the taxpayers of Canada subsidize, through unemployment insurance funds, the payment of the workers, while INCO gets the nickel produced at even lower cost.

This government has the responsibility to restore confidence in the economy of the Sudbury basin as well as in Thompson, Manitoba. What it is going to cost to keep the workers will far exceed what it will cost to buy the nickel. At least, when we have bought the nickel we will have the value in the product itself. When you pay the workers unemployment insurance, you have nothing at the end of 50 weeks. Once the workers get on the treadmill of not being productive and not working, then I am afraid it may become a way of life.

What do I have to say to this government? I beg them to say right now to INCO, "Withdraw the announcement of cutbacks, and we will sit down and look at the alternatives for the long term. At the moment, to secure those jobs and the economy of the basin, we will stockpile nickel". This is not unknown in the Canadian experience, and the government should do it because it was the government that got us into this mess in the first place.

I see you resting back in your chair, Mr. Speaker, so I must have another minute.

Mr. Deputy Speaker: Order, please. I must interrupt the hon. member because his time has expired.

• (1452)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, to respect an old tradition, I wish to congratulate the mover and seconder of the address in reply to the throne speech. First of all, I must say that I was not at all surprised when I listened to the Speech from the Throne. Since it came straight from the Prime Minister's office, no wonder his senior advisers emphasized the basic tenets of the Liberal party in dealing with inflation, unemployment, controls and decontrol, temporary job-creating programs and its next big issue, national unity. What surprised me most, Mr. Speaker, is that the day after in his speech, the Prime Minister (Mr. Trudeau) recognized that basically the province of Quebec was not a province like the others, but that it must be treated like the others.

For many years, we have tried to explain to him and to have him understand that the province of Quebec was not a province like the others with a majority of English-speaking people, because of its language, its culture and even its Civil Code which is different, while all the other provinces have the common law. What is even more surprising, the Prime Minister has yet to recognize that all Canadian provinces are different because they all have their own characteristics. Indeed, that is the earmark of Canada, namely that its provinces all have their own identity and have decided to live in an economic union while preserving their own personality, as the children of a large family who have different characters but are close to have a better family life.

Each province is losing its identity, in a word each is self-governed as regards domestic matters in order to better contribute to this economic union that the Fathers of Confederation advocated. When we look at our history since the beginning of Confederation, we can see how strongly all the provinces have defended their independence. Young people in the English provinces feel that only the province of Quebec is fighting for its independence, which is completely wrong. I will surprise many of you when I say that it was one of Ontario's premiers, Mr. Mowat, who was the first one to launch discussions in favour of self-government in his province of Upper Canada, fearing Quebec or Lower Canada which had a much larger population than Upper Canada.

And here is another surprising fact: in 1886, Premier Fielding introduced a bill in the Nova Scotia provincial legislature calling for the separation of his province because he thought the independence of the province was threatened. All this arose from the fact that the right hon. Prime Minister of the time, Mr. Macdonald, was too much in favour of centralization. History is always repeating itself, Mr. Speaker. The provinces have always feared an overly centralizing federal government and the situation has grown even worse in terms of threat to Canadian unity since the coming into office of this government, which continuously encroached upon provincial territories and jurisdictions, taking unto itself all the best taxation fields to make full use of them. That is the real political and economic picture of Canada today. And what is even worse is that the usurper refuses to leave those territories he has violated in an attempt to hypocritically invade them through the back door. That is why national unity is jeopardized, Mr. Speaker. The federal government, established by the provinces to be responsible for some areas that were well defined by those very provinces has become the dictator of those who have created it. Before coming to the federal bureaucratic dictatorship as we know it today, there were three stages: from 1867 to 1887, there were lieutenant-governors who were the link between the provinces and the federal government; from 1887 to 1937, there were interprovincial conferences which the federal government did not attend; from 1937 to 1967, it was the time of administrative conferences between federal and provincial officials. It was in the heyday of bureaucracy, and finally came the federal-provincial conferences as we know them to-day and in which civil servants still play the leading role. According to some knowledgeable critics, those conferences have been and still are increasingly nothing but economic compromises. In short, those meetings are endless squabbles about who can tax and control the most. All the provinces, Mr. Speaker, want to win back their full autonomy in their respective jurisdictions. And to do so, they will have to have back their exclusive right to direct taxation.

However, the federal government does not want to withdraw from a field that brings it so much money. The only possible solution is therefore an interprovincial meeting so that the federal government may turn over a new leaf. We therefore suggest a constituent assembly of all the provinces, just like the one we had in the early days of Confederation, to determine what sectors they want to pool together and designate once again the federal government as administrator of those sectors.

● (1502)

I am convinced that only then shall we be able to live in harmony and in a new economic union which will respect the complete autonomy of each province. Canada will become a strong country only when all its members, the provinces, will be perfectly healthy, strong and free in their own realm of life.

When the Prime Minister tells us about the dissatisfaction which is felt throughout Canada, he seems to imply that this situation has been prevailing only since November 15, 1976, with the coming into power of the Parti Québécois. The Prime Minister did not feel the years of frustrations the people of Quebec went through under the previous administration of Mr. Bourassa who was even called "hot dog eater" when he was reluctant in submitting to the will of the federal government.

The explosion of November 15 was the expression of a feeling of disgust first towards the economy. Is it possible to understand this properly? And this feeling was the consequence of the federal dictature because the present government no longer respected the man the people of Quebec had elected democratically. Everyday the federal dictatorship was looking more menacing for Quebec which it seemed to treat as a second rank area without our premier being able to fight back.

Of course, the awakening of November 15 was brutal but when a man is awakened by being kicked what kind of awakening can he have, Mr. Speaker? What I am saying is hard to take but I am doing so reluctantly. My only purpose is to awaken the conscience of a government if that is still possible, to make it see reality to make it stop precipitating the destruction of Canada for the only purpose of saving face.

Mr. Speaker, that boxing bout between two fighters, Lévesque and Trudeau, must end while one awaits the next blow from the other, countering a referendum with another without clearly defining what those referendums will be. And, powerless, the people have to watch that fratricidal fight. I say that the people of Canada are powerless because the only referees are the governments of the provinces that must get together at the earliest to come up with concrete solutions that will satisfy the province of Quebec so it may find its economic interest in the renewed constitution. That was done for Nova Scotia in 1886 when it threatened to leave Confederation. The same ills call for the same remedies because the aspiration of peoples does not change, Mr. Speaker. They simply want more freedom.

The Prime Minister pitied the people of Canada, particularly the English-speaking group, by saying that Canada is going through a very dark period. I was happy to hear the hon. member for Ottawa West (Mr. Francis) talk about Manitoba the other day. He did it very timidly but still he mentioned it. For an Anglophone, that is great. Has the Prime Minister only read our history of the late nineteenth Century?

Has he even imagined the distress felt by our forefathers, as well as by all French Canadians who still made up half of the Canadian population, when all the governments of western Canada, which were majority governments through the well-organized federal immigration policy, decided to abolish all the linguistic rights of our compatriots by compelling them to become English if they wanted to survive, after they had settled in those provinces? Even today, our compatriots cannot put in a plea in their own language before western courts. Not even in Ontario. This government knows what I am talking about since its supporters are presently suffering from this situation.

Mr. Speaker, that is why I cannot ignore the childish statement made the other day in this House by the hon. member for Timmins (Mr. Roy), who said he was very pleased with the linguistic situation of Franco-Ontarians. I think the hon. member should stop looking at his shoes and hold up his head to see what is going on in Ontario. That is the kind of complacent statement by white negroes which harm all those people who for the past century in Ontario have been fighting to obtain for Franco-Ontarians the very same treatment Anglophones have been getting in Quebec for the last 110 years.

That is what happens when a member wants to save his party instead of his constituents. He brags about the fact that in Timmins 40 per cent of the population is French-speaking and that they have French elementary and secondary schools. I suggest to the hon. member that if Anglophones accounted for 40 per cent of Quebec's total population, they would control all schools, whether it be secondary, college, pre-university or university. In fact, despite the low percentage of Anglophones in Quebec, just count the number of English universities in Quebec and the number of French universities in Ontario, and then let us draw a comparison.

Instead of inviting us to his riding, the hon. member for Timmins should visit with those French-speaking groups who struggle daily to obtain the same justice which Quebec has always rendered to its Anglophone minority.

No one can deny that the people in Quebec have been patient for over a century. For one hundred and ten years, we have been patient and Quebecers have been acting as Good Samaritans in their province in the hope of an anglophone conversion. And where are we now, Mr. Speaker? A Quebecer cannot visit the western provinces even today without someone shouting at him: "Speak English!" I ask all members of this House what progress their provinces have made as concerns respecting minority rights, amd more particularly, as concerns the recognition of both official languages throughout Canada.

All sincere Anglophones will admit that there has not been in fact that much progress. Of course, there have been some attempts, studies, promises, agreements in principle, but all in all, what are they worth to people who have been waiting one hundred and ten years? Put yourselves for one minute in our shoes and in those of your fellow citizens who now live in Quebec and ask yourselves what would be your reaction and what are the reactions of this group of Anglophones who are

temporarily going through what we have experienced ourselves in the past.

Moreover, put yourselves in the shoes of our young Quebecers who have much less patience than we have because they were not under the same religious influence as we were and do not believe in self-denial and resignation in the face of discrimination. I would like to add something to make the Anglophones who advocate Canadian unity—and thank God some Anglophones advocate Canadian unity as we do ourselves—understand why Quebec is now less patient than it was before. I believe that if something must be done today, it is up to the Anglophones to do it, and this, on the economic level of course, since it is useless to try to make a point with someone who is starved.

● (1512)

The young people in Quebec are hungry; they hunger for economic and social justice in Canada. I know that many have shown goodwill, but this is not sufficient, action is needed. First, our respective governments must be urged to hold meetings with the Quebec government to draft new provincial agreements. I fear that there will be no more dialogue nor any more hope and that would be serious for Canada.

It is not by referring our current problems to the Supreme Court of Canada that we will improve our relations with Quebec. Indeed, what about the Supreme Court itself faced with the precedents created in every western province in the past? If the government at the time did not dare say a word, how can it intervene today for a minority, while it allowed the rights of nine minorities to be denied. All this to convince the House that a confrontation before the courts will not settle present conditions, but intelligent, honest, free and far-sighted men will save Canada.

The Prime Minister (Mr. Trudeau) has spoken about the third option in order to warn all those who would venture in that direction. This is regrettable but we are among those who want to go in that direction, because we do not believe in his status quo although he had tried to prove that this is not a status quo but an evolutive status. It is evolutive in a sense that it will increase federal powers but regressive as it tends to diminish provincial powers. This is why we cannot accept it. What we would propose are reworked agreements with the provinces. I have here a very interesting article published in *Le Devoir* of October 18. If you will allow me I will quote you some passages:

> The third option calls for compromises, states John Robarts.
>
> The way towards Canadian unity calls for compromises and the members of the Commission for Canadian Unity will not forget it in their recommendations which are also inspired by various elements of psychology, sociology and economy.
>
> Commission Co-Chairman John Robarts was in Montreal yesterday and explained to the members of the Canadian Club how complex is the task that awaits the eight members of that commission and how wide is the scope of their mandate.
>
> "The commission, he reminded them, believes in the idea of a Canadian federation where the powers of the state are shared between two levels of government, both sovereign and partners under a single constitution. At the

same time, it intends to present concepts and policies likely to constitute the elements of a third option for Canada."

The first inquiries of the commission have led to recognize that the various organizations of the federal government did not effectively represent provincial and regional interests. Those signs of dissatisfaction have led members of the commission to become aware that it is becoming urgent to define and work out changes to the institutions and to the political practices in order to make them more suited to the true needs of our time.

Therefore the commission has directed itself towards the search for an alternative, a third option, which will include listening to the population and experts but which is nevertheless inspired by certain principles.

The first of these principles is that Canada owes its origin to two founding peoples, one of which—the French-Canadian—has always recognized the principle of cultural duality while the other, on the contrary, never could accept it as exemplified by some recent events: the crisis over bilingualism in air traffic control and communications, the dispute over a French secondary school in Essex, etc.

For those who are claiming linguistic rights for Italians, Germans, in short for all other minorities, Mr. Robarts recalled that language is not a right that can be classified in the same category as freedom of speech or freedom of religion.

These two words are very, very important, Mr. Speaker.

Historically and constitutionally, French Canadians have the right to safeguard their language and their culture, and this right is inseparable from the "contract" signed in 1867.

Besides taking into account linguistic differences, the members of the commission will also be called upon to review regional differences and disparities.

During these consultations with Canadians, the commission will determine whether Anglophones are fully prepared to recognize the Canadian duality.

The first indications make us believe that it will be so, states Mr. Robarts, and tend to show a great gap in this government policy on bilingualism: the teaching of French in the English sector of Canada failed to gain prominence and that could have changed the whole picture.

After consulting the various groups, the members of the commission will present recommendations . . .

Well, Mr. Speaker, this is the government-appointed commission. Such are the ideas put forward, and I think they are the result of the commissioners' travels. The other day, when I heard the Prime Minister suggesting we should not be deluded by that third option, I wondered if his statement does not hinder the commission from doing earnest and sincere work. I am anxious to see the results. I am especially anxious to see how the government will receive the commission's conclusions.

I would now like, Mr. Speaker, since I have a few minutes left, to deal with the unemployment situation referred to in the throne speech. Just recently the government pushed through a series of amendments to the Unemployment Insurance Act. That once more harms the workers, who will pay more and get less.

That was a good deal for the government. They will be getting more money from the workers and give less in UIC payments, once more passing the buck to the provinces which are not the only ones responsible.

Looking at total benefits paid to the unemployed versus salaries received by the hundreds of technocrats and bureaucrats, we wonder whether the unemployment insurance program was created to the benefit of the unemployed or that of civil servants, because unemployment benefits deteriorate in direct proportion to the improvements in civil servants' monetary and other rewards.

If benefits were on a universal basis or in the form of a guaranteed annual income with equal treatment for all, we would finally start on the way to the distributory justice we have been advocating for years. The Prime Minister gave us notice of an additional amount of $150 million to fight against unemployment; if that kind of money were directly earmarked for the primary, secondary and tertiary sectors to create new industries, do you not think, Mr. Speaker, that such an investment would be much more profitable than to try once more to promote all kinds of make-work projects across Canada? I did not say that the minister took a wrong way, he is doing the best he can, but I think that the government's policy is not properly directed.

As for inflation, which is this government's main argument, I think they were unable to control inflation because this argument was borrowed from the Progressive Conservative Party. As we all remember, the Liberal Party went into the last election campaign saying that it was opposed to price and wage controls as recommended by the Progressive Conservative Party; what a surprise, for us, to see the Liberals use the Progressive Conservative argument as soon as they came to power. It was not the first time the Liberals had tried to lift the weapons of their enemies, they even attempted to have them cross the aisle—unsuccessfully as it turned out because they did not know how to handle them.

Government members are still wondering where inflation came from, yet they should know because they started the ball rolling ten years ago when they removed interest ceilings for banks and other credit institutions. Another reason is that the government did not control corporate prices and profits. I realize, Mr. Speaker, that you are about to stand up. I will simply say that if we do not work together to try and fight against inflation, and if the government does not take action to invest in primary industries, unemployment will keep on rising and our dollar will keep on sinking.

• (1522)

[*English*]

Mr. D. M. Collenette (York East): Mr. Speaker, before commencing my remarks I should like to congratulate the mover (Mr. Dawson) on his fine speech. Also I should like to take a few minutes to thank Her Majesty the Queen for making such an exhilarating visit to Canada in the past week. In my constituency in the east end of Toronto we have perhaps one of the last old, strong, British communities which has great links with the monarchy, and these people were extremely happy that Her Majesty's visit was such a success. As well, there are large numbers of newly arrived immigrants from Commonwealth countries in Asia and the Carribean who have their own ties with the monarchy.

The throne speech provides a forum for the government to outline its general direction of thought in the governance of the nation. Similarly, the throne speech debate, as was pointed out by the hon. member for Edmonton West (Mr. Lambert) this morning, provides an opportunity for backbenchers to talk on the general issues of the day. On Wednesday afternoon of

this week in the Chamber we heard the Prime Minister (Mr. Trudeau) give one of his most brilliant and effective speeches.

Some hon. Members: Hear, hear!

Mr. Collenette: In that speech he outlined succinctly the government's position on the economy and national unity. He demonstrated to the House how these two problems were intimately related and how they have an impact on both Quebec as a province and on the nation as a whole.

In contrast, the Leader of the Opposition (Mr. Clark) and the Leader of the New Democratic Party (Mr. Broadbent), analysed the Quebec situation and the problems of the country generally. Both concluded that the source of all evil facing this country today emanates from our so-called poor economy. In my opinion these two hon. gentlemen and their parties are making a fundamental error in judgment.

As the Prime Minister stated on Wednesday, it is wrong to place the emphasis on economics and to dismiss perfunctorily the cultural and linguistic causes of today's dilemma.

Some hon. Members: Hear, hear!

Mr. Collenette: In fact the only bone the Leader of the Official Opposition threw into the national unity debate was his rather shrill and sabre rattling cry for an instant referral of Bill 101 to the Supreme Court. This represents a callous attitude which is openly playing to the extreme point of view in English-speaking Canada. There is a vast array of moderate people in this country, both English and French-speaking, who are looking for rational approaches from Canada's leaders. They are looking for statesmanship in dealing with the national unity problem. On Wednesday the Leader of the Opposition demonstrated that he has forfeited any claim to provide effective and rational leadership in this entire national unity debate.

Some hon. Members: Hear, hear!

Mr. Collenette: I should like to talk about the government's strategy on national unity. There has been much criticism in the English-speaking media that the government is taking no action and that it is sitting on its hands. That is not true.

I have been travelling around my constituency in order to speak at various service clubs and Rotary clubs. I have been talking about the government's strategy in dealing with the separatist threat. On the night of November 15 the Prime Minister said that the voters had done their democratic duty; they had elected a government, as was their right. He indicated that this government was a provincial government and, like all other provincial governments, it must abide by the constitution of Canada, which is the British North America Act at this particular time. In late last winter and early spring of this year the Prime Minister took his case to the country and attacked the basic premises of separatism. He defended and promoted the cause of Confederation. In fact he took his case to my own constituency on February 17 and made a stimulating address to the students of East York Collegiate.

The third phase in the government's strategy has been as dangerous as it has been necessary. It can accurately be described as marking time and waiting while the Parti Quebecois comes to grips with the real problems of government, and while the honeymoon with Quebec voters began to end for Mr. Levesque. Although this phase in the strategy has caused some disquiet in English Canada over the past few months, we have seen that Mr. Levesque's preoccupation with language and culture, and his neglect of economic issues, have seriously weakened his own position in Quebec. The Quebec economy is in serious trouble.

As has been pointed out by the Minister of Finance (Mr. Chrétien), the Parti Quebecois has caused a flight of capital, technical know-how and skills from that province. The summer has allowed Quebecers to focus on their own problems without the diversion of federal intervention, and has exposed the idealogical division within the Parti Quebecois. This is demonstrated by the public cabinet decision-making now being engaged in by Mr. Levesque over the appointment of a language commissioner, by the rather frustrated views of Mr. Parizeau, and his nasty attacks on our own Minister of Finance.

The latest phase in the government's strategy began in September with the Prime Minister's offer to entrench minority language rights in the constitution. This was severely criticized by the opposition and by English-speaking Canada. The Prime Minister's offer demonstrated his own flexibility and demonstrated the flexibility of this government and of the Liberal party in dealing with the problems of the country. As the Prime Minister pointed out on Wednesday, the government is quite open to further changes in the constitution to accommodate the real needs and aspirations of all provinces, and not only the province of Quebec.

The next phase in this general strategy dealing with Quebec separatism will come forward in the next election. The next election will not be about what party is best suited to deal with national unity. No one on this side can convincingly argue that the Leader of the Opposition or the Leader of the New Democratic Party are any less committed or any less sincere in their desire to keep this country together. No one in his right mind would make this claim. The essential question for Canadians to decide next year is not which party is more dedicated to Canadian unity than the others, but which party offers a program of new constitutional and economic arrangements which will satisfy the west, the Atlantic region and, indeed, all the regions of Canada, and not only Quebec.

The NDP argues that the present constitutional arrangement, with some minor tinkering, will suffice. The New Democratic Party, with its natural Marxist bias, argues that an economic solution is the only way to preserve Confederation. The Progressive Conservative party appears to be following its traditional philosophy which favours a greater decentralization and a greater devolution of power or authority to the provinces.

● (1532)

As I stated earlier, the problems affecting Canada today are not only economic. They are also less obvious, certainly to the NDP and the PC's. Canada's problems also have to do with language and culture, their dignity and place is Canadian society. They have to do with the responsibility and responsiveness of government to the electorate. They have to do with the equalization of resources and constitutional power. Finally, Canada's problems also have to do with regional expression and regional identity.

Only the Liberal party, as the Prime Minister has shown, recognizes the duality of the challenge which faces Canada. Our party recognizes that there must be a re-arrangement of constitutional powers which will satisfy cultural, linguistic, and regional aspirations. But, Mr. Speaker, our party also recognizes the paramount need to preserve a strong central government, one that can act beyond sectional desires, to represent the collective interests of all Canadians and, Mr. Speaker, a central government which has the constitutional power to act in this fashion. For my part I am an avowed, unabashed centralist, and I have no qualms in telling the House why.

Over the past 20 years the proportion of government expenditures out of the total Gross National Product has increased to about 42 per cent. During this time federal expenditures have grown but, Mr. Speaker, they have not grown nearly as much as expenditures by provinces and municipalities. Since 1955 federal government expenditures have increased sevenfold, provincial expenditures 20-fold, and municipal expenditures ten-fold. Although the public sector portion of the GNP has increased in absolute terms to 42 per cent of all Canada's goods and services, the federal portion of total government expenditures has decreased from a post-war high of 60 per cent to about 40 per cent today.

We see a startling fact. The Government of Canada takes 40 per cent of all government expenditures, the provinces and municipalities the balance. This compares to the 60/40 ratio found in two comparable industrial confederations, the United States and West Germany.

A fundamental error is being made in the national unity debate. Critics of the present constitutional arrangement argue that many Canadians across the country are alienated from the federal government. They feel removed from the federal decision-making process. Therefore it is argued that more power should be vested in the provinces. I agree with the premise, but I disagree with the conclusion. Surely if federal institutions and the federal bureaucracy are not serving the needs of Canadians, then those institutions, the Senate, the House of Commons, the Supreme Court, the Public Service Commission, should be reformed. We should not devolve more powers to the provinces as a response.

In a speech made in this House last year I proposed certain institutional changes that could be made with respect to the House of Commons, such as a system of proportional representation which could effectively restore the confidence of Canadians in parliament. We can only do this by changing the method of election to the House of Commons. As the Prime Minister stated, we can also make changes to the Senate and the appointment of Supreme Court judges.

We could also decentralize not only the administrative plant of our public service, but also decentralize the decision-making process in the bureaucracy so that regional directors have the authority necessary to adapt government policy to the various needs of the regions.

As a federal state, Canada is the most decentralized in the world. Any further devolution of authority to our provinces would so weaken national decision-making as to allow Canada to become little more than a loose commonwealth of independent states, with wide differences between the quality of government services offered in medical care, in treatment of the elderly, in higher education, in housing standards, and in a host of other fields. Mr. Speaker, is this what Canadians want? That is not what I want, and I am sure that is not what the Liberal party wants. I am sure it is not what the government wants. That will be for Canadians to decide in the next federal election.

If it is our duty to restore the confidence of Canadians in the parliamentary process in the country in order to deal with the problems of national unity, it is equally important that we, as parliamentarians, encourage Canadians to restore confidence in our country as a whole, but in our economy in particular.

Contrary to the opinion of the opposition, I believe the government has done a pretty good job in managing the economy during the difficult period of the past few years. Indeed as the Prime Minister and the Minister of Finance (Mr. Chrétien) have pointed out, our economic problems are the problems of all the industrialized countries and, with a few exceptions, are not nearly as serious as those faced by our major trading partners.

It is not the Government of Canada which should take the blame for deteriorating economic confidence in Canada. Surely critics in the business community, in the media, and in the parliamentary opposition should be castigated for their negativism, their pessimism about such a great country with such a great future.

The leader of the NDP has talked in terms of Canada facing another great depression. This is absolute rubbish. I wonder what Canadians think of such a political leader as the hon. member for Oshawa-Whitby whose resort to hyperbole and hysteria has seriously marred any respect he may have had from the public and from the members of this House.

Let us look at the facts, Mr. Speaker. Over the past ten years Canada has outspaced the United States when one takes into account all economic factors. It is true that over the past two years Canada has lost its competitive edge because of declining productivity and higher wage rates. However, the high costs of Canadian labour are now being corrected by the anti-inflation program, and by the dollar's decline in value.

On the question of lagging productivity in 1976 and 1977, we must remember that productivity reflects not only attitudes toward work by employees. To listen to the Conservative party you would be led to believe that all Canadians are lazy. If they

are going to say that in the next election, good luck to them. Productivity reflects not only worker attitudes. It also reflects lack of capital investment and poor management methods.

According to the OECD, Canada has created more new jobs in recent years than any of the world's industrialized nations. In not one year of the last ten have Canadians seen their standard of living fall. Even in 1975 when the U.S. GNP declined by 2 per cent, Canada's GNP actually increased by 1.1 per cent. This could possibly be called no growth, but no growth in a difficult period of time is preferable to a decline in the standard of living as we saw with our major trading partner, the United States.

Mr. Gillies: We have gone to tenth place.

Mr. Collenette: I hear the hon. member for Don Valley (Mr. Gillies) who will be following me. He is my next door neighbour. He will have adequate opportunity to say what he wants on the subject.

We must remember, Mr. Speaker, that the effects of the 1975 recession in Canada were cushioned by the phasing in of energy price increases, by our generous system of social benefits, the indexation of pensions, family allowances, and personal tax exemption rates.

It is my conclusion that Canada has not done as bad as our critics would have us believe. Sure we have to be careful. The growth in government expenditures must be in line with the general economic growth of the country. In fact more than $3 billion has been shaved off the government's spending estimates over the past two years.

We must continue to restrict the growth in the public service so that it does not exceed the general growth in the population. In fact over the past year growth in the numbers of public servants has been held to 1 per cent less than the population increase.

We must be careful not to allow federal public service compensation to outpace compensation in the private sector. In fact over the past 20 years the complaint that the federal public service has been the pace-setter for wages is not entirely true since both the average provincial and municipal public sector salary increases outpaced federal public salaries, with the municipalities being most guilty. So, Mr. Speaker, let's get our economic facts into some perspective. Our economic performance, while not great, has been far from bad.

What of the future? Well, Mr. Speaker, I agree with the Prime Minister and the Minister of Finance. Our prospects are excellent. With the revaluation of the dollar, the export of manufactured goods should increase substantially. With the winding up of controls, business should feel more confidence to invest and broaden their entrepreneurial skills.

● (1542)

The building of the pipeline will create between 6,000 and 8,000 new jobs in the next few years. Pipeline materials will be made basically in Canada, for the Canadian portion of the line by Stelco in Hamilton, perhaps, and in Sault Ste. Marie near the hon. member's riding of Nickel Belt. In addition, nearly $500 million a year will accrue to Canada through maintenance fees and royalties, thus bringing about a more favourable balance of payments position.

Major defence procurements of such items as the Aurora patrol plane and the new jet fighter, much of the work on which will be apportioned to Canadian companies, means an injection of between $4 billion or $5 billion into our economy over the next ten years, and no doubt there will be a further investment in plants such as Syncrude, perhaps through government in partnership with private industry.

Canadian technology in several fields has recently created business for Canadian companies. I am thinking, for example, of the Lear executive jet which is being built by Canadair and is giving work to the aviation industry, especially in Montreal. Then there is the joint venture between Canadian National Railways and a Spanish consortium to build a new railway in Venezuela, an enterprise which, by the way, will have the effect of recycling some of the oil money.

In the field of foreign aid, CIDA grants are being tied to the purchase of Canadian goods and services. Witness, as one example, our involvement with the construction of a railway in Zambia.

In short, Canada's future is bright and I believe we have much to look forward to. If there is any impediment to the economic recovery of this country it is not the government's management but the doom and gloom, the pessimistic attitude of the opposition.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I know I must keep my remarks short because the Minister of Employment (Mr. Cullen) has a plane to catch and he wants to gather every pearl of wisdom I have for him, so I must finish before he has to leave.

I do want to express my gratitude for the opportunity of having the Queen in our country during these past few days. I think the Canadian people appreciated very much seeing her and having the opportunity to hear her personally read the Speech from the Throne. I think it is too bad the Prime Minister (Mr. Trudeau) did not see fit to give her a little more freedom of movement in this country; I know there are a lot of people in the west who would have loved to have her visit that part of Canada. I know the people of Surrey-White Rock would love to have had her come and visit us there.

Mr. Cullen: She will be in Edmonton next year.

Mr. Friesen: Yes, she will be in Edmonton next year. "During the campaign?" says the Postmaster General (Mr. Blais). I don't think the government will have the nerve to call an election even then. But we will welcome her back to our shores at that time.

It is too bad the Queen had to read such a vacuous statement as the Speech from the Throne. However, that document has already been sufficiently belaboured by hon. members and by the press, and I will leave it alone for now. But to have it followed up by the tedium of a two-hour speech, so-called, by

the Prime Minister was another plague on this House. The one benefit that television brought is that we could see clearly the collective ennui in the faces of government supporters as they listened to what the Prime Minister had to say, or not to say.

I recognize that the only cabinet minister who had the fortitude to sit for the whole length of that address was the Minister of Agriculture (Mr. Whelan). I can understand why he possessed that kind of fortitude; he is used to speeches of that kind because he reads his own. It is too bad we had to be harangued in that way and listen to the kind of statement the Prime Minister made. Out of what was said in those two hours we got two statements, one where the Prime Minister, to use his own words, scooped the Minister of Finance (Mr. Chrétien) on the announcement of the $150 million make-work program, and the other when he scooped not only the Minister of Finance but the entire cabinet on the question of the referendum. I say this because, as it became evident during the question period yesterday, the entire cabinet knew nothing about that particular proposal. But there are certain problems inherent in that proposal for a referendum. The Prime Minister has problems with members of his own caucus.

A year ago we were debating the Speech from the Throne, as we are now, and I recall that the hon. member for Lafontaine-Rosemont (Mr. Lachance) was the member who moved the address in reply. Today I looked up *Hansard* and could not help but be amused by what the Prime Minister had said by way of a compliment to that hon. member. He complimented the hon. member for Lafontaine-Rosemont and his colleague for the eloquence with which they had spoken, and went on to say—

The presence of such outstanding young men among us demonstrates the ever renewed vitality of the House of Commons as well as its ability to reflect the varied regional and cultural concerns of Canadians.

Some hon. Members: Hear, hear!

Mr. Friesen: That was on October 30. One month later, on November 15, *Hansard* records the remarks of the same member, the hon. member for Lafontaine-Rosemont. It so happens that the day before I had presented a motion to the House asking that a referendum be held on the subject of capital punishment. The Prime Minister had already spoken of him as a very intelligent young man who added vitality to the House. Now let me read the remarks the hon. member for Lafontaine-Rosemont made regarding a referendum. He said, and I quote from page 1003 of *Hansard* for November 15, 1976:

I do not think it would be appropriate to use such a dangerous tool because a referendum is very dangerous. It can divide a population into two factions and afterwards it is extremely difficult to heal the wounds.

I trust that all the members from Quebec will keep in mind what the hon. member for Lafontaine-Rosemont said a year ago on the subject of a referendum.

Mr. Roberts: Does not an election do the same?

Mr. Friesen: The Secretary of State (Mr. Roberts) wants to respond. He has already presented himself to the House as an authority on sex and reproduction, and we find all kinds of examples of his philosophy on Yonge Street in Toronto. He would be better advised to keep to the subject of broadcasting and assistance to the arts rather than talk about sex.

The hon. member for Lafontaine-Rosemont went on to say, as reported on the same page:

Without that experience, and on such a touchy subject as that one, it is inadvisable to experiment. I am not ready to tackle that adventure. Why not? I will tell you right now. The idea of a referendum is not a new one. In Quebec we know what they are because people have been talking about them for some six years, now.

He went on to say:

The real concerns of Quebecers are shelved. Economic problems, consumer issues, problems relating to industry, fishing, transportation, all that is thrown to the basket because what is important is the referendum, the basic option: people voted in 1970, in 1973 and again in 1976 for or against that option.

He went on to say as reported at page 1004:

Mr. Speaker, a referendum is dangerous . . . It is serious, and when 22 million people are involved, experiments are out of the question . . . I do not want any referendum but still less on the occasion of an election, because then you have the situation we are witnessing in Quebec: People do not have any choice; they no longer vote for a party, they no longer vote for ideas, they vote for an option, Mr. Speaker.

● (1552)

And what happens over the years? In the case of the province of Quebec, this creates dissensions, factions, and the province can no longer operate with factions. And if factions are created in Canada on the basis of the results of such a referendum, or of one option, or another, Mr. Speaker, there is no room for Canada in the world.

Those are the remarks of the hon. member for Lafontaine over a year ago on the very day of the election in the province of Quebec. His remarks were followed by those of the hon. member who is chairman of the Standing Committee on Justice and Legal Affairs, the hon. member for Windsor-Walkerville (Mr. MacGuigan). We know he is an esteemed lawyer who knows the law. I recall very vividly his taking me to task about the word "referendum". He gave me quite a little lecture on what is a referendum and what is a plebiscite. As reported at page 1005 of *Hansard* for that day he said this:

I find it hard to understand that hon. members could rise in this House and urge us to change our whole parliamentary system merely because they are not satisfied with a particular vote.

Those are the words of a supporter of the Prime Minister who, two days ago, suggested that we should hold a referendum. The hon. member went on to say:

If we were to have a referendum, it would have to be followed by an act of parliament, with the members of parliament being bound by the referendum not having the right to vote independently on the issue. In effect, they would be bound by something that happened outside this House, and that would be destructive of the whole parliamentary system.

That is what the Prime Minister is suggesting, Mr. Speaker, and I am waiting to see how the hon. member for Windsor-Walkerville will vote if that measure ever comes to the floor of the House. Certainly I will be watching how the hon. member for Lafontaine will vote if the measure comes to floor of the House.

Mr. Blais: You are comparing apples and oranges.

Mr. Friesen: That is the best the Postmaster General has to offer. Then, as recorded at page 1006 of *Hansard*, the hon. member for Windsor-Walkerville said this:

If we were to introduce a device of this kind we would be in a position where at least all issues of moral content, in the generally accepted sense of the word, would have to be submitted to the vote of the people. There is no possibility of isolating a single vote of this kind and treating it as something separate.

It seems to me that in our system the only case in which a referendum could be justified would be one dealing with the system itself . . . If we had a similar case here which was changing our future course, or a vital question dealing with the government itself, that would be different—

Does the Prime Minister have in mind the changing of the system itself? He has suggested that on previous occasions. He has said that the government will have to take some action in the marketplace. As Prime Minister does he have in mind changing the system? Then I assume the hon. member for Windsor-Walkerville would feel justified in supporting the Prime Minister's ideas on a referendum.

The speech of the hon. member was followed by a statement from the hon. member for Northumberland-Miramichi (Mr. Dionne), who was here a few minutes ago but has now left the Chamber. As reported at page 1007 of *Hansard* he said:

A number of complex issues to do with the questions at issue cannot be solved by referendum.

There in a nutshell, Mr. Speaker, is the problem which the Prime Minister faces within his own caucus on the matter he proposed so glibly in the House the other day. Just a few months ago we had an occasion in the House when members from Quebec voted en masse against the opposition because our famous Minister of Energy, Mines and Resources (Mr. Gillespie) failed to produce a document in both official languages. They still supported that action even though it was a denial of the very principle they have been espousing all these years. What is a mystery to me and to many people across Canada is that the Prime Minister says that on matters relating to the economy the law cannot restore economic equilibrium in this country, that what we need is the collective spirit of all Canadians. It is not the law that will change the economy, just the collective spirit of Canadians. But when it comes to the language issue, he says that only the law can provide equality.

Just a few evenings ago we had the privilege of attending a gala performance in the National Arts Centre. I count it a privilege because it was a great performance from beginning to end. I think whoever it was who was in charge of planning that occasion, as far as the talent assembled there was concerned—

Mr. Roberts: Me.

Mr. Friesen: The Secretary of State says it was he. I compliment him on that, because the talent from beginning to end was of the very highest quality and the spirit was great. I note there were about 150 Conservatives, New Democrats and Social Crediters invited, and 2,150 Liberals and their hacks and money raisers from across Canada. As a matter of fact, I sat next to one of them from the Yukon, the official agent who had been told by the PMO that he was going to meet the Queen, on the plane coming down here.

[Mr. Blais.]

The climax came with the André Gagnon performance, which I thought was superb. It was an exquisite expression of creativity in music. We saw it last year at the Olympics. It illustrates my point that for 300 years our French culture has been flourishing and thriving and has been creative. There has been a flowering and a burst of activity in the last generation as never before, without legal support, without the need for constitutional rearrangement. We have seen the flowering of the expression of French in that province as never before, and I think this is to be welcomed. I applaud it and I enjoy it. André Gagnon's performance the other night proved it.

But the next day, Mr. Speaker, we attended not only an ecumenical but a bilingual church service, and I could not help but be amazed at the contrast. There were some people taking part in the service who obviously were brought up in the French language, which they used in the most beautiful, limpid tones of which that language is capable. It was beautiful to listen to, and I enjoyed it. Then we heard those trained in recent years; butchery, mutilation of a beautiful language, killing it. Why anybody would want to decimate that lovely language by using it in the way it was used, and as it is constantly used by people trained late in life, I will never understand.

That language and that culture have been preserved for generations, indeed for centuries, because the people love and enjoy them. People will only preserve such things when they have esprit de corps and love for their culture. No one in this country can make that happen. I can see what the Prime Minister is going to do. Like Elmer Gantry he is going to take his religion of culture across Canada and peddle it in each of the shrines of the provinces.

He will probably begin in the maritimes where there is already something of an agreement to preserve bilingual education, an agreement which was easily reached. Then he will come to Ontario. Ontario has been in the vanguard of providing bilingual education for the people of Ontario. Then he will move on to meet the newly elected premier of Manitoba. That is a province where, I understand, during the provincial campaign about a month ago the Liberals spent $1 million trying to get a few Liberal members elected. One was elected and they managed to reduce their share of the popular vote to 12 per cent. They have the same investment policy for the economy, incidentally, and they get the same kinds of returns.

● (1602)

That is the province where a gentleman by the name of Forest—for a decade he has been called Forest but now, all of a sudden, he is called Forêt—received a traffic ticket some months ago which he is now refusing to pay, even though he has been convicted, because the traffic ticket was not written in both the official languages of Canada, and the Minister of Justice (Mr. Basford) has been sending men from his staff over to Manitoba to protect that man's rights. I wonder if that is what the Prime Minister had in mind in his Speech from the Throne, although I do not know how a traffic ticket can be

considered a criminal offence. I suppose it depends on how the man drives.

Incidentally, the Minister of National Revenue (Mr. Guay) is reported to have gone to his riding of St. Boniface. He realized there is one thing he can do. He cannot read his answers very well, but he can think ahead to the next election. Apparently he went to his riding and he said to the NDP members there, "Look, we have an election coming a year from now and you are going to face a tough battle in this riding. We will not put up a very strong opposition now, but next year we will ask you not to put up too strong an opposition against me". He knows how to think ahead.

The Prime Minister will go to that newly elected government and say, "Look, let us make an arrangement here", and then he will go to the beleaguered socialist leader in Saskatchewan and will say to him, "Look, we have this arrangement", and he will talk about it politely while the television cameras are grinding and the newspaper reporters report him, and he will try to make some arrangement. But after he has been there, the gremlins from his office will follow hard on his heels and will say, "Look, we understand we have a disagreement on the cablevision policy here. We would really like to solve that, we would like to come to an agreement. We also know that before the next election the Liberals will be in third position and surely you, Mr. Blakeney, will want to be re-elected, so let us come to an agreement. We will not put up too strong a candidate in opposition to most of your members so that you do not fight us too hard on this issue". He will come out with some kind of arrangement regarding the bilingual education program.

Then the Prime Minister will move on to Alberta, and that is where he will find the Farm Credit Corporation.

Mr. Cullen: Watch out, you are on television.

Mr. Friesen: That is right.

He will find the Farm Credit Corporation in the metropolitan area of Camrose. You see, that place will now require bilingual education, so he will go to the premier of Alberta and say, "Look, we must have bilingual education here. We will supply the bucks if you supply the program", knowing all along that nobody wants to be known as a bigot, and knowing full well that a few years ago the Prime Minister called the former premier of British Columbia, W. A. C. Bennett, a bigot because he did not agree with his bilingual policy. Nobody wants to be called a bigot, so the Prime Minister will try to bring each of these premiers into line.

Last on the list will be the premier of Quebec who, according to today's newspaper, has already rejected the idea and said that the whole thing will be settled in Quebec anyway, and that the Prime Minister can do what he wants. The man who started the unity group in Quebec said that a referendum will do nothing but create more problems. I suggest to you that the Prime Minister has problems, but the gimmick is that he will try to get unanimity from all nine premiers, then he will go to Mr. Lévesque and, voilà, he will not get it. Then the rest of the premiers will have to decide whether or not to go ahead with the program. If they do not, the Prime Minister will call them pikers. If they do, he is that far ahead. This is the kind of game that the Prime Minister might play.

The Prime Minister has already said in the House that this referendum is binding. But what are they going to do with the Tessier group in the PMO? What are they going to do with the group that is travelling across Canada participating in hearings—the Robarts-Pepin group? If the referendum is binding on parliament, why bother to have those groups discussing and working on this subject? Sooner or later the Prime Minister will have to come clean on this issue. As I said at the outset, why is he saying that no law will restore the economy—it has to be the collective spirit of Canadians—but when it comes to language and culture he says, "it must be inextricably bound within the constitution", when for three hundred years we have had proof in Quebec that that is not the case?

The second part of the Prime Minister's statement had to do with job creation programs, and that included one of the greater absurdities in his speech because he was flailing the NDP—I do not mind that much but I wish he would do it with some consistency—for their lack of conscience about productivity and saying that the Canadian workers are only 80 per cent as productive as the Americans. I should like to ask the Prime Minister how one million unemployed can improve their production percentage points. That would be a great solution.

At the same time he announced a job creation program of $150 million. We in Surrey-White Rock know something about job creation programs, because in the last batch of money that the minister of employment sitting over there gave us he promised me that I would be very happy with it, and yet I got only half as much as in the one before. I do not know what he thinks it takes for me to be happy, but I want to assure him it is not that. The hon. member for Skeena, the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo), received $4 million while I received only $214,000 for an area with 140,000 people.

The minister tells me that there are around 175 people looking for work, but when I checked with the local Manpower office I found that there are nearly 6,000 people on the active rolls. I do not know how he works his statistics, but certainly no maths major is working in his department. As I said, people in Surrey-White Rock know something about job creation coming from this government, but when it comes to productivity and the complaints of the Prime Minister that Canadians are not sufficiently productive, he has the gall to announce another job creation program, which is the least productive area of government in the whole country. He knows that every job that is created through this department costs $5,000 and the person only makes $3,000. You are spending $5,000 so somebody can earn $3,000. Under the DREE programs it costs $50,000 to create a job. When it comes to productivity, I wonder if the Prime Minister is the one to lecture us about 80 per cent productivity.

This government does not deserve the support of the Canadian people. The bankruptcy of the two hour speech of the Prime Minister the other day is absolute proof that the

government has run out of ideas, that it is exhausted, that the Prime Minister has joined the geritol generation and has no energy left. That is why I support my leader's motion that we cannot have confidence in this government.

Some hon. Members: Hear, hear!

Mr. Joe Flynn (Kitchener): Mr. Speaker, I am very happy today to take part in the speech from the throne debate. First I should like to congratulate the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood).

This debate takes place at a time of great importance in Canadian history when Canada faces a crisis of confidence in its economy and in its ability to survive as a united nation. In the weeks and months ahead we in this Chamber will make decisions which will inevitably determine the future shape of the Canadian federation.

● (1612)

The Speech from the Throne outlined the major policy directions the government will take in this session of parliament, and my reading of the speech indicates to me that this session will be both productive and very exciting.

I am especially pleased with the announcement of the government that the control period will terminate in 1978, on a staggered schedule. Probably the happiest news a diversified constituency such as mine, with many industries which are anticipating a problem as these controls come off, could receive would be that the controls will be taken off carefully, slowly and in a determined fashion, and we expect the result to be our well-being. It is important to the price stability of the Canadian economy that controls are lifted on a sector by sector basis so that the effects of a free pricing policy are gradually absorbed.

The creation of a monitoring agency to replace the Anti-Inflation Board will add greater depth to the arsenal of the nation's economic planners.

I think there is little doubt in the minds of most Canadians—although hon. members opposite rarely find anything good to say for it—that the Anti-Inflation Board has rendered a valuable service to all Canadians. The annual rate of inflation in Canada decreased from 11.1 per cent in August, 1975, to 6.2 per cent in August, 1976, largely due to the efforts of the AIB. Although the present year's inflation is expected to be approximately 8 per cent, the over all target has been attained due to the better than forecast reduction in the first year. Over-all, the performance of the controls program has been encouraging. The double digit inflation of 1975 is now a thing of the past, and the prospects for economic recovery have improved.

I was also glad to hear the Minister of Finance (Mr. Chrétien) announce in his speech to this House last night that the proposed tax on death benefits accruing from life insurance policies is not to be proceeded with. I have always been of the opinion that this proposed tax would not be in the best

interests of average Canadians. In the period of grief immediately following the death of a loved one the government has no right to impose further grief by taxing whatever is left of the deceased's estate.

I think most hon. members of this House will agree that the two most important problems for us to resolve are closely related to each other. Our continued concentration of effort toward the preservation of national unity will be greatly assisted if we direct an equal concentration of effort to matters in the economic sphere. It goes without saying that a strong and prospering Canadian economy will help unite Canadians.

With respect to economic problems I would like to make several observations on factors which I think will contribute to an economic resurgence in Canada in 1978.

At its present level our devalued dollar will make Canadian products and services more attractive to foreign buyers, and the resultant increase in the volume of our exports will stimulate domestic economic growth.

A total of $1 billion will be spent this year and next by the federal government on direct job creation, thereby significantly reducing the number of unemployed in Canada.

The spring of 1978 will mark the beginning of one of the largest civil engineering projects in the history of the world; the northern pipeline to carry gas to the energy-hungry south. This will provide immense benefit to Canada in terms of our foreign trade deficit, as well as substantial employment opportunities. It will also result in a marked production increase for Canadian manufacturing and service industries related to the project.

In this session we will be re-introducing tax reduction and investment incentive legislation to stimulate the economy further and create needed jobs. Properly administered, these initiatives should lead to increased confidence in the Canadian economy.

The $100 tax reduction announced last night by the Minister of Finance should cause a spurt in economic activity in early spring, 1978. I am sure all Canadians will benefit from this initiative. Also of primary importance to any recovery is Canada's competitiveness in the international market place. Canadian workers must make a concerted effort to increase productivity and to engage in responsible negotiations when it comes to wage increases. Every Canadian is acutely aware of the gravity of the situation in this regard. All around this nation we hear that we have been pricing ourselves out of business. I am not sure whether the reason is our minimum wage law, but we are surely in trouble if we do not take a real look at ourselves.

Of equal concern to Canadians is the issue of Canada's national unity. Since the election of the PQ government in the province of Quebec on November 15, 1976, the national unity question has become the predominant concern of many Canadians. During this session of parliament we will be increasingly involved in the course of our national development.

On October 19, 1977, the Prime Minister (Mr. Trudeau) told the House that the federal government would also consider holding a referendum on the question of Quebec independence. This announcement comes at a time when the PQ in Quebec is preparing its referendum machinery. It is a time for all Canadians to become involved in the debate.

We will also be dealing in this session with several proposed constitutional changes which will ensure the strength of Canada's duality. Such a task will be long and difficult.

Mr. Speaker, I promised to be brief, and I shall keep that promise. In closing I would like the House and all Canadians to reflect for a moment on the following description of Canada given by Her Majesty the Queen in the Speech from the Throne. She said, and I quote:

> Whenever I am in this wonderful country of Canada, with her vast resources and unlimited challenges, I feel thankful that Canadians have been so successful in establishing a vigorous democracy well suited to a proud and free people.

Speaking at Government House she said:

> From the viewpoint of history this is the great Canadian achievement: not just that you have prospered, but that you have done so as a diverse society, and in peace.
>
> In a world divided by differences of colour, race, language, religion and ideology, the Canadian experience stands out as a message of hope.

Canada, like any other nation, does have serious problems. Some are of a purely domestic nature, and some are due to external conditions which are beyond our control. As we begin this new session of parliament, let us not forget that we are here, first and foremost, to provide for the people of Canada good, responsible government. Our task is great, and though our problems are many, our resolve to succeed is limitless.

We will put to rest Canada's crisis of confidence.

Mr. James Gillies (Don Valley): Mr. Speaker, this has been a most unusual day in the House of Commons. It is unusual that the Minister of Energy, Mines and Resources (Mr. Gillespie) can stand up and speak on a day on which one of the major industries for which he is responsible reports the largest lay-off since the end of World War II and have absolutely nothing to say about it. It is very unusual that the hon. member for Nickel Belt (Mr. Rodriguez), who represents the area concerned, should make the statement that he does not really believe that the natural resources industry needs support and encouragement in this country. What an unusual day it has been!

● (1622)

This afternoon I want to speak about the Speech from the Throne. I want to go through the ritual—because ritual is often much more important than substance in this place—of thanking the mover and seconder of the Address in Reply to the Speech from the Throne for their fine remarks. I do that with some depth of appreciation because, as I read the Speech from the Throne, I know that anybody who had to speak in favour of it had to use a great deal of ingenuity to praise it. Both members showed a great deal of ingenuity in their remarks.

It is a fatuous document, Mr. Speaker. There is nothing in it, which has become the hallmark of such speeches made by this government. It is really astonishing, at a time when people are asking the government and parliament to be a responsible forum for the conduct of the business of this nation, that the government did not even bring down a list of bills, an agenda for performance for the forthcoming session of parliament. We cannot look at the Speech from the Throne and assess from it what is going to happen in this country because there is so little in it.

We have to look at a troika of activities—the Speech from the Throne, the speech of the Prime Minister (Mr. Trudeau) the day before yesterday, and the speech of the Minister of Finance (Mr. Chrétien) last night to try to obtain some feeling for what the government is going to do about the great problems of our nation—problems about which there is very little dispute—the economy, national unity, and I would put as a third and very, very important problem, the reform of this institution. These three things are very much interrelated.

Canadians can take very little confidence from the speech of the Prime Minister. I disagree totally with the hon. member for York East (Mr. Collenette) because I suspect there has seldom been a time in the history of parliamentary democracy when the leader of a country spoke with such little analysis of the problems, with such little emotion, and with such little call to duty to the people of the country than was the case by the Prime Minister the other afternoon.

To say that the Prime Minister's analysis of our economic problems was at the level of Economics I is to do a great disservice to the teaching profession. It was well below that. There were some interjections to the effect that he was quoting Adam Smith, but he obviously has not even read Adam Smith very carefully. If this were not such a serious matter, a duo like Wayne and Shuster could take what the Prime Minister had to say about the economic problems of this country and make a fine sketch out of it.

The Prime Minister said that we do not need a new theory of economics. But he was proposing one, Mr. Speaker. He was saying it is our collective responsibility because of our collective guilt, that we are in economic trouble in this country. In his ten years of maladministration he has given us Marshallian economics, Keynesian economics, Neo-Keynesian economics, Galbraithian economics, and now he wants to give us Freudian economics.

A psychological theory of economic activity is what the Prime Minister is proposing because the fault, as Brutus would say, is in ourselves. The problem, according to the Prime Minister, is not the way in which this government has operated the economy but is among Canadians. They want too much. They do not work hard enough. We have not had theories of economics like this since William Stanley Jevons and the sunspot theory in 1870. It reminds one of 1930 when people sat around saying, "Don't worry, things are going to be fine if we just talk about prosperity." I have forgotten who said it this afternoon but someone did say that if we would just be optimistic things would turn out well. That is what people did

in 1931, 1932, 1933, 1934, 1935, 1936, 1937, and it didn't work.

No serious student of economic problems believes the sort of thing the Prime Minister was saying the other afternoon—that if we think things are going to be all right, then they are going to be all right. That simply is not true; it never has been true, and it never will be true. The psychological theory of economics which the Prime Minister is advancing certainly is not going to work.

The Prime Minister is telling Canadians that they ought to work harder and get less. For 200 years, Mr. Speaker, the theory has been that you work harder and get more. He said that Canadians are living beyond their means. What does that mean, Mr. Speaker? How do you live beyond your means? An individual cannot live beyond his means because his credit is used up and then he is finished. Even a provincial government—upon which this administration likes to put blame for our economic difficulties—cannot live beyond its means because eventually debts are called.

The only organization that can live beyond its means in this country is the federal government. It can do so because it can print money. The myth that has been spread that inflation in this country has been caused by people wanting too much, by unions demanding too much, by corporations demanding too much, is wrong. The reason we have had so much inflation is that we have a profligate government, an irresponsible government that has never felt it had a responsibility to keep the spending programs it put before the public in proportion to what the country could produce. The federal government has created the problems we face in this country today, no one else. When I see an $8 billion deficit in this country with 8 per cent unemployment, I know Lord Keynes is twirling in his grave.

How does one make a government responsible when it does not require any backing for the currency it prints? Two thousand years ago Demosthenes said that democracy will never survive because democracy means that people elect those who will give them the most. Once you start giving and giving and giving you will bankrupt the country and it will collapse. The essence of an efficient, operating, democratic system is responsibility on the part of the government. It is a sad fact we have had no responsibility on the part of this government that has had the authority for the past ten years.

The Minister of Finance was correct when he said last night that he did not have much room for manoeuvring. I agree he does not, with an $8 billion deficit going to $10 billion, and 8 per cent unemployment. If he hopes to go ahead with the same sort of budgetary policies that were followed by his predecessors, he will fail.

The former Minister of Finance brought a budget down last spring. There was nothing in it whatsoever. I does not make a bit of difference what the Minister of Finance said last night about the economy if what he said indicates the direction of economic policy in the future.

[Mr. Gillies.]

We must recognize what our problems are. They are deterioration of the balance of payments, a huge drop in the exchange rate, and this has meant more inflation. High inflation means uncertainty and low investment; low investment means low employment. What must we do to resolve this situation? $150 million of make work expenditure programs this winter will do nothing towards solving our fundamental problems.

Of course, I support the proposition that no one in this great country should be allowed to starve or not to have housing. But we need a completely new type of budgetary approach to solve our problems. The government must look at the industries that are the foundation of our strength in this country, at fishing, mining, pulp and paper, and find out what has to be done to make them competitive again so that they can export anew. The government must bring in representatives from all areas to find out what must be done and then go ahead and do it.

We ought to have one of the most magnificent fishing industries in the world, and indeed we have some of the most efficient fishermen in the world. The hon. member for South Shore (Mr. Crouse) made a fine speech in relation to this industry the other day. How is it possible that we can negotiate the 200-mile limit and not be ready with programs for a modern fishing industry which will provide employment in the Atlantic provinces?

How is it that the mining industry has opened only one new major mine in the last five years? Why is it possible, in this country that has the greatest potential for mining of any country in the world, that we import twice as much mining machinery as we export?

● (1632)

How can it happen that we are a net exporter of pulp manufacturing equipment? What has gone wrong? Why is there no industrial strategy in the country at all, absolutely none? If we are to turn our economy around, we have to support those industries where we have a competitive advantage.

We have heard over and over again the litany of problems the manufacturing industries face in Canada. It is alleged that markets are too small, distances are too long, and productivity is too low. The reality is that when we have reasonably large markets such as in auto parts the productivity in Canada is as high or higher than any place in the world. In agriculture no country in the world can match Canada as far as increasing productivity is concerned.

Unfortunately, we do not have a climate created by the government which encourages investment, hard work, and which stimulates people to be as productive as they possibly can.

Perhaps the most incredible situation we are faced with, because of our delinquent government, is in our energy policy. I find it incomprehensible, as I am sure other hon. members do, that the government is still working on a strategy of self-reliance—that we are going to import energy, particularly oil, in the 1980's to meet our domestic needs. We have in

Canada in the tar sands the largest known reserves of oil of any country in the world. The reserves are greater than in the Middle East. Yet we have no crash program to get that oil produced. If we have to depend upon the importation of oil, as is planned by the government, it will have enormous negative effects on this country.

The exchange rate in Canada in the 1980's could drop to 75 cents. The government cannot be aware of the dangers in its current policy. It must be and I hope it will be changed.

What we require in this country is constructive production. We must have a budget policy to make it possible for the people who are producers in this nation to start producing again. If we do not, the trade deficit will increase, the exchange rate will fall, there will be more inflation and more unemployment. This afternoon the hon. gentleman opposite told us not to be gloomy but surely the only hope we have for finding solutions is to analyse our problems. Anybody looking at Canada from outside or inside has to conclude that we are facing the most serious economic crisis we have had since the depression.

The problems can be solved. The legacy of the Hon. John Turner as minister of finance was the attitude that nothing could be done. That was his motto of operations—do nothing. Of course something can be done. We can have a new budgetary policy based on needs of various sectors of our economy and that type of policymaking could give us a chance to turn this country around.

Referring to national unity, I am concerned with what the Prime Minister said about national unity in his speech because I am afraid that we may be trapped in rhetoric, language and words. He referred to the fact that there is no room for a third option and the people who are talking about a third option are making a big mistake. The Prime Minister should move around this country in order to find out what people are thinking.

In British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia and New Brunswick people are looking for a third option. Let us not get caught up in the semantics of federalism. The reality in this country today is that people are not content with the constitution as it now stands and are not content with the manner in which federalism has been administered by this government. Also, they will not accept the interpretation, belief and understanding of federalism put forth by the Prime Minister.

If the Prime Minister suggests that there is not to be a third option, which is the way I read his speech, that will not satisfy the Canadian people. In my reading of his speech I see a suggestion that we have had a moving federalism, but the Canadian people do not believe this. They do not believe federalism has been flexible enough in the manner in which it has been administered by this government. They want a total new look. They want a total new look for this country, the way in which it is governed the constitutional relationships among areas of the nation.

Associated with that demand and there is no question—and this must be a matter of great concern to everyone—that the Canadian people do not believe parliament is operating effectively. I have sympathy for the remarks made by the hon. gentleman opposite when he was referring to an elected Senate. We have to find a way so that the people in the regions of this nation can have an input into the making of federal policies. Perhaps one way to do that is through an elected Senate on a regional basis, but it must be a Senate with power. The people of Canada are aware of the fact that far, far too much of what goes on in this House is a sham. When the estimates come into the House, there is no one in the House of Commons who knows what that money is being used for and how it is being spent. The checks and balances of our system are not working. The legislative function has been destroyed to a considerable degree because so much has been taken into the hands of the executive. It is essential that we return a true legislative function to the House of Commons.

Some hon. Members: Hear, hear!

Mr. Gillies: It is interesting to note that anyone who looks at any committee of this House knows that most committees find it difficult to perform their functions, except when they get a special reference. The committee which performs the best work in the House, by and large, is the Standing Committee on Public Accounts. Why is that committee able to function so well? It is because it has the Auditor General reporting to it. Why does that work? It works because the Auditor General has a staff and he is able to examine what is going on so he may bring relevant information to the Committee so it can do its work.

We can fool ourselves because we are very isolated in Ottawa, but the people know that the functions they think are being performed by parliament are not being performed. As a legislative body, when the people of Canada need to have trust in the functioning of their federal system, more than ever before in history, we must find some way to bring about reasonable reforms in the manner in which this organization operates.

It is indeed unfortunate that the government did not bring in an agenda of legislation with the Speech from the Throne. We must be the only organization in the world which cannot put together an agenda of what it is going to do and how it is going to do it. People are losing confidence in this body. We do not have much time to make major reforms before all confidence is gone. Committees will never operate unless there is a staff attached to them so they can proceed in a manner which has some real relevance to the conduct of the business of this country. We have lost the real element of checks and balances which makes a democracy work and work effectively.

● (1642)

It may well be that in a simpler time, with a simpler form of government, that an election every four or five years was an appropriate form of check. It is not enough today.

I believe very sincerely that much of the problem we have in Quebec is not associated with the fact that there is a French element in our country as well as an English element. It is associated with the fact that we have not had the courage, wisdom or strength, to adjust our institutions to accommodate to changing needs. There are many countries in the world where people live together who happen to speak different languages, who have found effective ways of governing themselves. Surely we can do as well as others.

One final thought. It is a great mistake for the government not to take Bill 101 to the Supreme Court of Canada and I will tell you precisely why. If we must have constitutional change to keep this country together, this country has to mean something. It has to stand for something. It has to stand above everything else for the proposition that to be a Canadian means that you have certain protections, rights and privileges that are inalienable, that no one can touch. This fundamental principle has to override all else, or what is the country for? What is the use of having a country? It is not acceptable for 1,100,000 Anglophones in the province of Quebec not to know their constitutional rights.

What I say is a fundamental belief that I have, that if you have a country it stands for something. It must mean something. It does not mean much if the people do not know their rights and privileges.

There is a great responsibility on this government to find out clearly for the people of the province of Quebec who are English speaking, what their rights are and what it means for them to be Canadian.

No one can ever accuse me of not being totally sympathetic to the aspirations of the Francophones of this country. They have developed their own culture. It is not a French or English culture. It is a French-Canadian culture. It must be preserved. Language must be preserved. However, a country must be certain that its citizens are all protected under the constitution and know what the constitution guarantees them.

It is not going to be easy to keep this country together. However, if we are not prepared to defend the fundamental rights of everyone, even if it is only one person, the task will be even more difficult.

We can continue to be a great nation. We have been unbelievably mismanaged in economic terms. We have great resources that are not developed. There is no imagination in our budgets. Trying to rely on the same procedures of economic management that were used in the past, will not work. And most unfortunately increasing unemployment, inflation and unrest, make it much more difficult to keep the country together. I say to everyone in this House of Commons that if you believe in this country and want to keep it united, you cannot support the motion contained in the Speech from the Throne.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, it is a pleasure for me to participate in this debate on the Speech from the Throne and to congratulate the mover and seconder of the Address in Reply, my colleagues, for their fine contributions.

[Mr. Gillies.]

I would not have chosen to participate in the debate in such a constrained time frame, but I understand that my colleagues in the other parties have agreed that if a little additional time is needed, that will be agreeable, given the fact I have to be at the United Nations next week and cannot complete my speech if not today. If that is the case, I promise I shall not trespass upon their time very long.

My constituency is representative of the whole country in its French origin, in its continuing French presence, in its multicultural constitution, and in its industrial light.

The city of Windsor is rightly proud of the tradition, tolerance and good feeling which it has demonstrated over many years. One indication of that is the twinning arrangement which it has had with the city of Granby, Quebec, in the Eastern Townships, for some 20 years. The relationship has not always been as active as it might have been, but it has recently been restored.

Granby citizens have officially visited Windsor, and on the first week end of this month I participated in an official visit by the mayor and members of the city council of Windsor and many citizens, including members of the Richelieu Club, to Granby. We were extremely well treated there and made to feel like brothers.

We believe this type of contact between citizens in Ontario and Quebec and those of other provinces with the citizens of Quebec, and indeed between Ontario and other provinces of Canada other than Quebec, is very helpful to national solidarity.

My constituency and my city of Windsor are willing to contribute to the solution of all our Canadian problems. However, in order to do so we must have our strength protected. We must build on our strength.

I therefore want to turn for a moment to problems of the automotive trade which are so vital to my part of the country. My constituency contains substantially the whole manufacturing operation of Chrysler Canada, although the new truck plant is just outside the boundaries. It contains plants of Ford and GM as well. It thus contains all the big three and many feeder plants as well.

We have different sets of figures with respect to the auto trade pact at the present time, or perhaps more exactly, we have different interpretations of the same set of Statistics Canada figures. As I understand it, the most accurate figures are those which Statistics Canada released on October 6. They show a slightly lower deficit in automotive trade for the first six months of this year than for the corresponding six month period last year.

Even if the deficit turns out to be slightly less this year than it was last year on an over-all basis, it is still $597 million, as opposed to $654 million for the first six months of last year. It is much more than we can possibly afford to have continue. If we look at it from the viewpoint of the auto parts industry, the deficit becomes spectacular.

We consistently have a surplus, an advantage of 2 to 3 per cent over our share of the market with respect to auto assembly, and a disadvantage of 5 per cent in our share of the market with respect to automotive parts. If it is true, as many believe, that the trade deficit that we have over-all, including the automotive trade deficit, is one of our most serious basic problems in this country, then the deficit in automotive trade is indeed a very serious matter for all Canadians, not just for those living in automotive centres.

In an address in Leamington on September 14, the then minister of industry, trade and commerce, now the Minister of Finance (Mr. Chrétien), said that government policy was to correct the trade deficit without re-negotiating the auto pact. I do not think we should foreclose the possibility of re-negotiating the auto pact entirely. This is an option we should keep open as at least a possibility on a fair share basis. However, I am prepared to accept at least in the first instance that we try to redress the balance without doing that.

Here again I might refer to the minister's comments on that occasion when he said the government would put pressure on the big four to source more auto parts in Canada. This is probably the most important constituent of a new and helpful policy. It is certainly a fine beginning for a new automotive trade policy.

We also need investment incentives of various kinds, particularly in the form of loans to enable capital expansion to take place and also to assist in re-tooling and other matters which are vital to the continuing development of the industry.

We should have a third-country duty remission of the kind we have with the United States which induces manufacturers to incorporate Canadian auto parts in foreign assembled vehicles, or even if the vehicles are assembled in Canada. Canadian assembly is of much less assistance to us than it would be if we not only had that assembly, but also a share of the parts production as well. Such a duty remission would undoubtedly be a considerable inducement to non-American automobile manufacturers to produce their parts in Canada.

● (1652)

In addition, in my view, remission of duty to the big four automotive companies in excess of that earned by them according to the strict rules should be made conditional. We should not be in a position where the target needs rigidly to be achieved each year, but on the other hand, when the government does make a concession of that kind it should be upon conditions as has sometimes been the case in the past. I believe this should be a general policy. As a member from an automobile constituency I eagerly await the enunciation of a new automotive policy by the government.

I should like to turn, now, to a broader national question with which I have been associated this year. I refer to the subject of penitentiaries. I begin by saying we on the sub-committee have been highly pleased by the response to the report by experts in the field, by the public and by the media across Canada. I would add that I personally find the response of the minister to be most gratifying. I think his support for the report is very great and I have complete confidence that he will bring about its implementation. His official response to our report was in somewhat general terms but it was very positive and encouraging in tone. There was, perhaps, a little ambiguity in that response with respect to which precise recommendations he was rejecting and which ones he was deferring for further consideration. I have had this matter clarified with the minister's office and, without going into detail, I should like to put on the record of the House the numbers of the recommendations concerned so that they will be publicly available.

The recommendations of the sub-committee which the minister has rejected are as follows: 29, 33, 58, 60, 62 and 65. Those which have been deferred for further consideration are: 18, 21, 22, 24, 26 and 59. It is these latter recommendations, presently under consideration by an interdepartmental task force and to which the minister has still to announce his adherence, which are the heart of the report. I said from the time the report was presented on June 7 that the government should be allowed some six months in which to reply—we should expect an announcement to be given this calendar year but that the government should be given six months in which to make a response. We are now, of course, in the final third of that period.

There is already an inherent difficulty attached to the implementation of the report in the sense that basically the recommendations aim at the changing of attitudes, primarily on the part of the staff in the penitentiaries, and something of this kind may take many years, perhaps even a generation—a staff generation—to bring about. This being the case there is already a certain delay built into the recommendations themselves. There has to be. I would hope there would not be any further delay which would intensify this inherent problem through anything of an artificial nature with respect to the time frame of the response made by the minister and, indeed, by the government as a whole. We fully recognize that some of our recommendations, such as the one concerning the setting up of a fully independent penitentiary service, the crucial recommendation in our report, would require an answer from the government as a whole, not just from the minister. We look forward to getting a response before the end of this year.

I would mention briefly a judgment which was handed down this week in the Dodge case by Mr. Justice Keith of the Ontario Supreme Court. This is an extremely important decision which strongly reinforces the recommendations of the committee. According to that judgment, three Millhaven guards had used excessive force in October, 1972, while escorting a prisoner from one cell to another, and $15,000 in damages was awarded against them, half of it representing punitive damages. This reinforces what the sub-committee had to say in its report. It establishes the irreducible character of justice which has a primary application to all men, whether guards or prisoners, in or out of prison. It is one of the things which those who are in prison do not lose—they do not lose the right to justice.

Some hon. Members: Hear, hear!

Mr. MacGuigan: I was unfavourably struck by a comment this week with respect to this decision by Mr. Paul Caouette, the executive director of the Solicitor General's component of the PSAC. He was reported by the *Globe and Mail* of October 20, at page 10, as saying: "How could anyone think of joining the penitentiary service knowing they will face civil actions against them?" I should like to tell Mr. Caouette that people in all walks of life always face the possibility of civil actions being taken against them—and criminal actions, too, if they are not prepared to follow norms of conduct usually accepted—if they are not prepared to use only reasonable force. I would hope there would be no exception for prison guards, for policemen or anyone else in the conduct of their duties. This decision, the first of its kind in Canada, would be an excellent means—

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Knowles (Winnipeg North Centre): Carry on.

Mr. Deputy Speaker: However, at the beginning of his remarks I understood there was general agreement that he might carry on. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. MacGuigan: I thank the House, Mr. Speaker, and I shall pass on to my third and last subject, which is that of national solidarity. I propose to treat it briefly under the three headings: structure, strategy, and spirit.

First, with respect to structure. The report of the Special Joint Committee on the Constitution of Canada, which was presented in March, 1972, has stood up very well over the years. I believe that only two modifications need to be made to that report in order to make it entirely relevant to the situation today, both a further spelling out of certain things which at that time were not as apparent as they are now. We did not then feel it necessary, because of the provision which already existed in the constitution with respect to immigration, to spell out further details in this area. That should be done and, indeed, the Minister of Employment (Mr. Cullen) is co-operating with ministers in the provincial governments to try to work out just such an arrangement.

The other area is that of communications. Here again, further specification is needed. With those two additions, I think the report of that committee, one which the government has been following for the last five years although it has not had the opportunity for introducing it to a full scale constitutional conference, is most applicable. It advocates a great deal of decentralization. But it also recognizes there must be some centralization and that to some extent there must be an exchange of powers when we have constitutional changes.

I do not anticipate radical structural changes. I do not think they are desirable. Nor do I think they are necessary, because it seems to me that where there are active provincial governments, where there are provinces which take full advantage of their power, there is not a great need for constitutional change. Such governments can do almost all that needs to be done for the people of their provinces, and on this premise I do not think we need constitutional changes in order to bring about changes in political life in those parts of the country.

Some hon. Members: Hear, hear!

Mr. MacGuigan: The other condition is that of fuller consultation by the federal government. The federal government has begun this, as it has indeed begun the decentralization of our federal services. Consultation is extremely important. The various areas of the country must be made to feel that they are being consulted, and this brings me to our recommendation with respect to the Senate, which was to increase that body to give more representation to western Canada, and also to change the method of appointment. But in general we do not need radical structural changes; we do need some changes and they are spelled out in this report.

• (1702)

At the moment, strategy is of more importance than the structure itself. It seems to me that there is a lot of naiveté in English-speaking Canada about what the Parti Quebecois is about in Quebec. Surely in the light of recent statements by ministers of that government it is no longer very necessary to persuade public opinion of what the PQ government is about. Claude Morin, on March 19, said that the PQ government was committed to independence and did not believe that any constitutional reform within confederation could meet the province's demands. He also said that there would be no possibility of any constitutional discussions before the referendum. Mr. Levesque on October 19 said the same thing, that before the referendum constitutional discussion with other parts of Canada could take place only on the basis of the Parti Quebecois proposal of political sovereignty combined with economic association, hardly a very palatable basis for the rest of us.

The PQ strategy is the plebiscite or referendum. We must have an answering strategy. Here part of the answer was given by the Prime Minister this week when he spoke about the possible necessity for a referendum. I am pleased, by the way, that the hon. member for Surrey-White Rock (Mr. Friesen), who I am sorry is no longer in the House, introduced my position on this with so much fanfare. I owe it to him that he read enough of my remarks from the previous occasion to indicate that I did say that there could be a referendum when our very system itself was at stake. I am not sure he appreciated the significance of those words, but what I was saying then is precisely what the Prime Minister is advocating now. When the country's government or the country's future itself is at stake, a referendum, of course, can be extremely appropriate. It was matters of ordinary policy which I was suggesting should not be taken from parliament and handled by way of referendum.

Some hon. Members: Hear, hear!

Mr. MacGuigan: The hon. member for Fraser Valley West (Mr. Wenman) showed what I have to call, I hope not unkindly, a naive understanding of the benefits of a referendum yesterday when he said that if the Prime Minister (Mr. Trudeau) had taken action on his motion in February which called for consideration of such referendum, much of the uncertainty which pervades the country today would never have occurred.

The point, Mr. Speaker, is that we cannot decide on a referendum now. It looks as if the Parti Quebecois is determined to have an unfair referendum in Quebec, one which will not safeguard the rights of assembly, of association and free speech. In those circumstances, obviously the results of the referendum will not be reliable and we may have to use a federal referendum. But that is a decision to be made then. All we are talking about now is the power to have such a referendum; we are not making a decision to go ahead with it.

Finally, Mr. Speaker, just a word about spirit. It seems to me this is really much more important than structural changes. After all, we have no one to negotiate with right now while we are awaiting the referendum. It is really the spirit of our country, the spirit of our government, the spirit of our people which counts.

It seems to me that we ought to have a national nationalism—not one of Quebec, nor of the west, nor of the maritimes, nor even one of Ontario which likes to regard itself as the heartland of the country; not nationalism of that kind, but one which tries to embrace the whole country, one which gives all people in the country a feeling of "at homeness". It should be one based upon survival—the survival which we achieved over so many centuries here—upon the land and the people—upon the French fact and also upon the multicultural nature of our country. It should be based on the social tolerance that we have. In some ways, perhaps the most important of all, because it sums all the others up, is our sense of liberty, as meaning variety or diversity, a kind of fullness which allows us to choose among various kinds of life modes and lifestyles and ways of living in our country.

The Canadian sense of freedom stems in part from the British tradition, which is more relaxed than that of the American because it is less conceptualistic. But I believe that its principal source is the French fact in Canada, which has compelled the recognition of diversity from the Quebec Act on. This in-built diversity has never been entirely welcomed by some Anglo-Saxon elements, but it has had to be accepted as the condition of national existence. In my view it is the foundation stone of our political independence from the United States and of our national uniqueness. The English tradition prepared us for the intellectual acceptance of diversity; the French Canadian presence rendered diversity a necessity.

Our national experiment is only beginning to mature. It arrived at formal acceptance of official bilingualism in the sixties and of multiculturalism in the seventies. It needs to be understood and consciously embraced by the mass of Canadians. It also requires an expansion of outlook to include equality, so that the colourful mosaic does not remain fixed as a permanently vertical one. Here is enough for decades of national striving. It is a goal well worth the efforts of a free people. It justifies, even demands, the preservation of Canada.

The Acting Speaker (Mr. Ethier): Order, please. According to the unanimous consent received earlier I see it is now five o'clock. This House stands adjourned until Monday until 11 o'clock a.m., pursuant to Standing Order 2(2).

At 5.09 p.m. o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, October 24, 1977

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL DEFENCE

PROPOSED REVIEW OF USE OF AIRCRAFT BY DEPENDENTS OF MILITARY PERSONNEL—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity regarding the use of national defence aircraft by non-military personnel which is causing dissatisfaction and a lowering of morale in our armed forces. I move, seconded by the hon. member for Victoria (Mr. McKinnon):

That the matter of the priorities given to dependents of military personnel in the use of national defence aircraft be reviewed by an appropriate parliamentary committee for the purpose of establishing more reasonable priorities vis-à-vis the priorities now enjoyed in the use of these aircraft by non-military personnel.

Mr. Speaker: Order, please. The presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

* * *

INDUSTRY

SUGGESTED CONDEMNATION OF FAILURE TO ACT TO AVERT LAY-OFFS AT INCO—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. Considering that almost two years ago the Minister of Energy, Mines and Resources (Mr. Gillespie) had submitted to him a report by his officials warning that future expansion of INCO would take place in Guatemala and Indonesia at the expense of Canada, I move:

That this House condemns the Prime Minister and his government for not taking corrective action during the interim to avert the layoffs which have been announced to take place in Port Colborne, Sudbury and Thompson.

Mr. Speaker: Presentation of such motion pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

[*Translation*]

FINANCE

RECOMMENDED DISCOUNT TO CONSUMERS ON RETAIL PRICES—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

In view of the fact that the Minister of Finance (Mr. Chrétien) has stated on Canadian television that Canadians do not spend enough in this country and too much abroad; considering that this situation is the consequence of a feeling of uncertainty over the future as well as distrust towards the Canadian economy, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House recommend that a discount on retail prices be granted to consumers on all Canadian products and that to that end the Minister of Finance be asked to make a special study to establish a national credit office which would be responsible for determining the discount rate which it would be advisable to set from time to time.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

HEALTH

RELATIONSHIP OF NITRATE AS MEAT PRESERVATIVE TO CANCER IN HUMANS—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, under the provisions of Standing Order 43 I should like to move a motion on a matter of urgent and pressing necessity. In view of the relationship of nitrate added to meat preserved in this country to cancer in humans, I move, seconded by the hon. member for Oxford (Mr. Halliday):

● (1112)

That the Minister of National Health and Welfare explain to the people of Canada why she has not moved to safeguard their health in this regard.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

REQUEST FOR DELAY IN TERMINATION OF EXPRESS SERVICE IN SASKATCHEWAN—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the announcement by Canadian National Railways of its intention to terminate express service in the province of Saskatchewan thereby causing the layoff of a substantial number of employees and the prospect of a decline in express service within the province and the accompanying inconvenience of a great number of Saskatchewan communities, in view of the fact that immediate termination of express service will mean layoffs at the onset of winter when employment opportunities are most scarce and that CN retraining programs commence in the spring, and in the interest of continuing efforts to arrive at an agreement between the province of Saskatchewan and CN to allow for the continuation of CN express service in Saskatchewan, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That this House direct the Minister of Transport to request Canadian National Railways to forestall any termination of existing express service in the province of Saskatchewan until at least next spring.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

SUGGESTED RESCINDING OF ORDER TO CLOSE DOWN ANACONDA BRASS—MOTION UNDER S.O. 43

Mr. John Gilbert (Broadview): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43.

In view of the impending announcement of Atlantic Richfield Company which owns Anaconda Brass in Toronto, Ontario, to close the Toronto plant employing 870 people which would have a disastrous effect on the employees and their families, I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House instruct the Minister of Industry, Trade and Commerce to contact the officials of Atlantic Richfield and Anaconda Brass to rescind the impending close-down order and develop strategies to maintain the plant in operation.

[Mr. Speaker.]

Mr. Speaker: The presentation of such a motion for discussion pursuant to Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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ADMINISTRATION OF JUSTICE

REQUEST FOR TABLING OF TRANSCRIPT OF EVIDENCE IN TRIAL OF PETER TREU—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. In view of the fact that the trial of communications engineer, Peter Treu, has recently been completed in Montreal behind closed doors and in secret from beginning to end, thereby setting a potentially dangerous precedent and in order to reverse this very dangerous trend of withholding information that is in the public interest as evidenced in the Laycraft commission inquiry in Alberta as well as the Keeble commission in Quebec and the excessive use by this government of Section 41, Subsection 2 of the Federal Court Act, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House instruct the Minister of Justice to table transcripts of the recently completed trial under the Official Secrets Act of Dr. Peter Treu, edited of course, to omit any matters of legitimate national security.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

PROPOSED INQUIRY INTO LAY-OFFS AT NORTHERN TELECOM—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43 to move an important motion. In view of the fact that Northern Telecom is laying off 1,000 employees despite federal government financial aid of millions of dollars to the company, and in view of the fact that the Minister of Industry, Trade and Commerce (Mr. Horner) refuses to investigate how Northern Telecom is using government funds, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House instruct the minister to launch a public inquiry into the causes of these layoffs and the relationship of government financial aid thereto.

Mr. Speaker: Such a motion can be presented pursuant to that Standing Order only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

RESOURCES

LAY-OFFS AT INCO—REFUSAL OF UNION TO ACCEPT SHARED WORK WEEK—GOVERNMENT ACTION

Mr. James A. McGrath (St. John's East): Mr. Speaker, in the absence of the Minister of Employment and Immigration, I will direct my question to the Minister of Energy, Mines and Resources. Canada is facing a disastrous winter of one million plus unemployed people with serious consequences for the country in terms of loss of productivity and human suffering. In view of the particular vulnerability of one-industry towns and the trouble facing the mining industry, I should like to ask the minister what response we can now expect from the government in the light of the announcement by INCO of major lay-offs in Ontario and, further, the closing down of the ALCAN mines in Newfoundland following the refusal of the union to accept the only positive response from the government, namely, to put forward a proposal for a shared work week supplemented by payment of unemployment insurance benefits?

● (1117)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I hope the union will re-examine its position. It would seem to me from reports I have read that the union was rejecting the proposal because it felt it would in some way be subsidizing the corporation instead of looking at the proposal on its merits as one designed to assist the workers.

LAY-OFFS AT INCO—PROPOSAL TO ESTABLISH TASK FORCE OF GOVERNMENTS AND UNIONS

Mr. James A. McGrath (St. John's East): It has been announced that the government is to meet tomorrow with representatives of the company and the unions, and since it now seems evident that the mining industry, a major employer in this country, is in a serious situation, may I ask what leadership the government proposes to provide to this troubled industry? For starters, given the fact that at least three or four departments of the government are actively involved in this matter, is the government prepared to propose the setting up of a task force combining the jurisdiction of the federal government, provincial government, and the unions?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): There are two aspects of that matter. On the broader issue, I can tell the hon. member that discussions are going forward between my department and financial officials and their opposite numbers in the provinces concerned in respect of the health of the mining industry. As to the suffering, the disastrous news we all received at the end of last week, it is clear that a number of federal departments are involved and they are concerting their actions. There have been discussions between federal officials and the provincial governments—I myself was engaged in discussions this morning with one of the provincial ministers on this question. I think there is an opportunity to provide significant employment in Elliot Lake and I hope it will be possible to work this out with the province, with the companies at Elliot Lake and with the employees concerned, because the uranium mining industry is ready to expand very substantially the operations which now exist.

LAY-OFFS AT INCO—ALLEGED INADEQUATE RESPONSE OF GOVERNMENT

Mr. James A. McGrath (St. John's East): May I ask the minister this question? If there are on-going studies within his department to determine world market conditions, to compile inventories of raw materials in Canada and to assess the impact both can have on future operations of mining companies in Canada, did these studies prepare the government for this latest announcement by INCO and, if so, why did the government not produce a much better prepared response than we got from the Prime Minister on Friday?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Anyone who has been following the mining situation would have recognized that the mining industry was in great difficulties.

An hon. Member: Why didn't you do anything about it?

Mr. Gillespie: The hon. member who asked that question does not seem to realize that the mining industry is an exporting industry which is dependent upon customers outside Canada. He does not seem to realize, for example, that 95 per cent of the output of domestic nickel is sold to overseas markets and that when those markets are down there is very little the government can do to change the buying habits of people outside the country. I wish there were something we could do in that regard. When the market turns down, as it does from time to time, there are very painful adjustments to be made in this country. I hope the need for these adjustments will be temporary and that we can ease the kind of adjustment which has to be made.

LAY-OFFS AT INCO—GOVERNMENT'S VIEW OF PROPOSALS BY ONTARIO LIBERAL LEADER

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I wish to direct a question to the Acting Prime Minister, if there is one who can act. The leader of the Liberal party in Ontario, Stuart Smith, stated on Friday that the Ontario government should demand that INCO cease all operations in Guatemala and Indonesia right now, that all investments they are making with Canadian money in those countries should cease and that

any contracts they have with those countries should be filled from the nickel mines in Sudbury. Would the Acting Prime Minister tell the House whether the government of Canada agrees with these policy proposals of the Liberal leader of Ontario, and will the government of Canada direct INCO to cease all operations in Guatemala and Indonesia, that they cease to use Canadian funds for investment in those countries, and that they divert their sales contracts exclusively to Sudbury?

● (1122)

Hon. John C. Munro (Acting Prime Minister): Mr. Speaker, I suggest the figures showing the amount of money which the Export Development Corporation has lent INCO are grossly exaggerated. In fact, I have the figures here. In 1973 the Export Development Corporation lent $17.25 million and in 1976, $40 million for their Indonesian operation. The 1976 loan is about 40 per cent disbursed. I might say that all of these loans were made on the undertaking that the money would be used for Canadian equipment, which means jobs, about 4,500 jobs, which otherwise would not have been available to Canadians. When one takes into consideration that very pertinent fact, together with the undeniable assertion, I think, which has been made before, that if we had not lent this money somebody else would, this again redounds to the benefit of Canada in terms of the export of our technology. So all in all, I think it has been a very beneficial thing.

With particular reference to the hon. member's question, I think he would be the first to agree that as a government we do not have the capacity to give that kind of direction to INCO. Even if we did, it seems to be a strange policy to be advocated by the official opposition, who have been arguing across the country—

Some hon. Members: Oh, oh!

Mr. Munro (Hamilton East): I think the hon. member is now in fact endorsing this type of policy.

Mr. Crosbie: We want to know what your position is.

Mr. Munro (Hamilton East): If he is, it seems to be a strange type of policy, right now with high unemployment, to try to alienate the private sector, which is the very sector we are trying to stimulate to create jobs badly needed by Canadians.

Mr. Crosbie: A final supplementary question, Mr. Speaker. The Acting Prime Minister has certainly misinterpreted my question. I asked him to give me the government's response to policy suggestions made by Mr. Stuart Smith, his leader in Ontario. Mr. Smith also stated that if INCO failed to do these things there was power in the government of the province to force INCO to do them. Does the Acting Prime Minister agree that the government of the province of Ontario has power to make these directions? If not, does the government of Canada; and will the government of Canada accept these suggestions of Mr. Smith? They are not my suggestions; I am putting them forward for an answer.

[Mr. Crosbie.]

Mr. Munro (Hamilton East): Mr. Speaker, Mr. Smith asked Premier Davis to consider that. I think the hon. member might agree that Premier Davis might have the capacity to answer Mr. Smith's assertions, I do not know. That would be up to the premier of the province to whom this suggestion was directed. I have already indicated my view that I do not believe that as the federal government we have the authority to issue directives of that kind. Nor do I think it would be wise in the circumstances.

Mr. Crosbie: Would the Acting Prime Minister agree that these are irresponsible and politically motivated suggestions and that they should be—

Mr. Speaker: Order, please.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBER OF UNITED KINGDOM PARLIAMENT, WINSTON SPENCER CHURCHILL

Mr. Speaker: Before continuing with the question period, I know all hon. members would want to join with me in recognizing the presence in our gallery of a very distinguished visitor from the United Kingdom parliament, himself a member of the United Kingdom parliament and the grandson of a very distinguished former member of that parliament. I speak, of course, of Winston Spencer Churchill, member of parliament of the United Kingdom.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

LAY-OFFS AT INCO—SUGGESTED STOCKPILING OF NICKEL

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in the absence of the Prime Minister I put my question to the Acting Prime Minister. Will the Acting Prime Minister contact the real Prime Minister some time today, wherever he may be, and ask him, I request most seriously, to get in touch with Mr. J. E. Carter, chairman of the board of INCO, in advance of tomorrow's meeting to deal with the INCO situation in order to make two important requests. First, will he rescind now the order announcing the lay-offs to take place in three Canadian communities in February; and second, in relation to that, will the government with INCO begin procedures now which could lead to stockpiling of material produced by INCO in Canada on the reasonable grounds that it makes more sense to put money out now, which may be regained later when we sell that, than to spend $20 million in unemployment insurance payouts which will have to be paid if these lay-offs take place? On the grounds that we have done such stockpiling in the past for Canadian farmers, what is good for Canadian farmers surely is good for Canadian miners.

● (1127)

Some hon. Members: Hear, hear!

Hon. John C. Munro (Acting Prime Minister): Mr. Speaker, inasmuch as the Leader of the New Democratic Party is requesting that I relay his request to the Prime Minister, certainly I will do that.

Mr. Broadbent: Will you support it?

Mr. Munro (Hamilton East): He is asking another question now as to whether or not I will support it. As far as stockpiling is concerned, I can indicate only that I do not believe that that is any fundamental answer to the question at all. There is indication that there has been months of stockpiling already. Increased expenditures or incentives to further increase those stockpiles seem to be putting off the day when we can get this industry back into a healthy condition to guarantee jobs for the people who are unemployed.

Mr. Broadbent: Mr. Speaker, the minister should know that we stockpiled uranium for seven years and not for seven months, and as the minister is aware, considerable profits were reaped after that period. I do not know why it cannot be done for nickel.

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RESOURCES

ALLEGED REPORT ON FOREIGN EXPANSION BY INCO—REASON FOR FAILURE TO ACT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources. In January, 1976 he had a report which was submitted to him indicating that future development in nickel by INCO was going to be taking place in Guatemala and Indonesia at the expense of Canada. I should like to ask him why he did not make some report to the cabinet outlining the correct steps which should be taken to ensure that these jobs remained in Canada?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the NDP seem to find it convenient to suggest the building of a nice, tight little fence around Canada and that we can forget about the rest of the world. They seem to feel that we do not have to concern ourselves with the ambitions of other countries to develop their resources.

Mr. Broadbent: Answer the question.

Mr. Gillespie: They seem to feel that somehow or other we can insulate ourselves as a major mining and exporting country from the rest of the world, and I think that is absurd.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, the minister should know the absurd because he specializes in it. With reference to this red herring, members on both sides have generally supported assistance for Third World countries. I ask the minister seriously and not rhetorically, does it make sense for the government of Canada to be taking taxpayers' money to encourage the development in other countries of specific industries which will compete with Canadian industries? Given the problems of the textile industry in the province of Quebec, would he favour giving millions of dollars to Taiwan, Hong Kong or South Korea to encourage more sophisticated production of textiles in those countries, which would drive thousands of workers out of work in Canada in the textile industry?

Mr. Gillespie: Mr. Speaker, I put it to the hon. Leader of the New Democratic Party: if one of the South American countries decided that it was going to develop its nickel deposits with the assistance of the World Bank and other international agencies and was looking for engineering assistance, hardware and mining equipment, would the hon. member suggest that Canada should stand back and say: "No, we are not going to provide that kind of assistance"?

Some hon. Members: Order.

* * *

[*Translation*]

SOCIAL SECURITY

POSSIBILITY OF GRANTING GUARANTEED ANNUAL INCOME—REQUEST FOR REPORT ON NEGOTIATIONS WITH QUEBEC

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare to whom I wish, first of all, to extend my congratulations and very best wishes of success in her new duties.

As the setting up, in Canada, of a guaranteed annual income has been the topic of many studies in the last few years and negotiations with the provinces, can the minister tell the House whether she intends to introduce in Parliament during this session a bill providing for the adoption of such a plan, so that we can hope that this new formula will encourage people to work and so help considerably in solving the unemployment problem?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, first, I wish to thank my colleague from the opposition for his good wishes, and tell him that I hope his wishes for success in my work will come true. As for a guaranteed annual income, may I say again what I have already had the opportunity of explaining through the mass media, namely that I shall do everything in my power to take a step in that direction, a big step, I hope; it will, of course, require passing legislation which will reflect the promise of the government to have some form or other of guaranteed annual income. I hope this can be done as soon as possible.

Mr. Lambert (Bellechasse): I want to ask a supplementary, Mr. Speaker. Would the Minister of National Health and Welfare be in a position to inform the House in a more specific

way of the state of the negotiations with the province of Quebec, considering the situation we all know? Are those negotiations carrying on normally or are there major squabbles which could delay the establishment of such a scheme?

Miss Bégin: Mr. Speaker, I am presently carrying on the negotiations initiated by my predecessor with the provinces, and more specifically with the province of Quebec, on the proposed transfer of lump sum payments under the social services legislation as opposed to the 50/50 formula we used to know. This would parallel the lump sum payments we have already agreed on with the provinces in health matters and which seem to satisfy everybody, providing fewer administrative complications for us and more independence in the program selection for the provinces. I have nothing specific to tell about any province in particular since we are still carrying on negotiations which I feel positive.

● (1132)

[*English*]

ABILITY OF COUNTRY TO AFFORD GUARANTEED INCOME PLAN

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a supplementary question for the President of the Treasury Board. We have just heard interest proclaimed by the Minister of National Health and Welfare in a guaranteed income plan or some take-off on it. Given the fact that the provinces have been very concerned about the possible administration of it, that it could be a disincentive and that it is questionable whether we can afford it, would the minister now be in a position to give us some indication as to whether he has reached any particular decision on this matter? Has he looked into it, and can we afford this year or next year even to consider it?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I have not seen the latest details, so I could not make any comment of that nature.

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PUBLIC SERVICE

GOVERNMENT'S TARGET FOR GROWTH

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I am very interested in the fact that the Minister of Finance is now saying we should spend more and save less. I hope this does not apply to the government front benches. Given the fact that the government indicated that it wanted to cut the growth of the civil service below one per cent and that it has grown by 2.4 per cent, adding some 14,000 to the civil service rolls, which does not indicate that there is any restraint or discipline, would the minister be in a position to indicate what his target is now with respect to the growth in the public service? Are we still looking toward a cut below one per cent in terms of growth?

[Mr. Lambert (Bellechasse).]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, our commitment was to contain the growth of authorized man-years in the public service under the jurisdiction of the Treasury Board to less than one per cent, and that commitment will be met.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

ALLEGED DUMPING OF NICKEL BY AMEX—POSSIBILITY OF PROTEST

Mr. James Gillies (Don Valley): Mr. Speaker, I suppose my question will have to be to the Secretary of State for External Affairs. It arises from what the Prime Minister and the Minister of Finance have said and from what the Minister of Energy, Mines and Resources said this morning about the situation with regard to nickel. There is a complete misunderstanding on the part of the government of the problem which is clearly and simply the fact, not that the economies of the world are slowed down, but that Canada has gone from supplying 95 per cent of the world's nickel to 40 per cent. I would like a very specific answer to this question. Has the minister's department protested to GATT, as it may do, about the fact, as asserted by the Minister of Finance on Friday, that one of the reasons Canada is losing its share is that dumping by other countries, and particularly a firm called AMEX, is taking place? Under GATT there does not have to be dumping into our country, but if we think there is dumping, we can protest. Has the department officially protested to GATT in order to protect our share of the market in the world of nickel, which could provide the employment we are trying to get?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for the preamble to his question. I will not argue with him about the share of the market we are receiving. However, I do think that there are a couple of other considerations, and I am sure he would agree, if there was time to discuss them. On the specifics of his question, we are examining now whether a legal case exists for us to make such a representation. An examination of the AMEX proposal is now going on, and if in fact there is a technique or a means by which a formal representation can be made to GATT, this will be done.

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EXPORT DEVELOPMENT CORPORATION

EFFECT OF LOANS TO DEVELOP RESOURCES IN FOREIGN COUNTRIES—GOVERNMENT POSITION

Mr. James Gillies (Don Valley): Mr. Speaker, I would like to direct a supplementary question to the Minister of Energy, Mines and Resources. In its operation of the Export Development Corporation and in its foreign trade activities, is it the position of the government that the government is properly

carrying out its responsibilities by funding activities which will in fact become competitive with Canadian jobs?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if the hon. member had listened to an earlier answer I gave to the House, he would understand the situation.

Mr. Gillies: Mr. Speaker, I listened very carefully and was so shocked by the answer I could not believe a responsible minister would give it. Is the minister suggesting that we should trade off short-term one item sales in mining equipment against the possibility of maintaining a strong and forceful position for the nickel industry in the markets of the world?

Mr. Gillespie: Mr. Speaker, I understand that the hon. member supports the hewers of wood and drawers of water approach to Canadian policy.

Some hon. Members: Shame!

Mr. Gillespie: He made that very clear a little while ago. If the hon. member is really sincere in that position, we should not export any machinery to anybody if that machinery might compete with a product which is made in Canada.

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POST OFFICE

POSSIBILITY OF ESTABLISHING CROWN CORPORATION—GOVERNMENT POSITION

Hon. Walter Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General, who has some responsibility for a department which is vital to the employment situation and economic stability of this country. Now that a senior official of the Post Office Department has added his voice to the request of the Canadian Union of Postal Workers, along with 79 per cent of the members of the Canadian Federation of Independent Business, spokesmen for the opposition parties in this House and a growing number of exasperated Canadians, in asking the Government of Canada to consider replacing the bureaucratic tangle of departments and agencies running Canada's Post Office with a Crown corporation type of organization, would the Postmaster General inform the House and the Canadian public what action he is taking on the matter?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, as the hon. gentleman knows, there has been in the past serious consideration to making the Post Office a Crown corporation. However, as he knows as well, our deficits have progressed from somewhere in the vicinity of $70 million some five years ago to approximately $560 million for the current fiscal year. At a time when that much public funding is involved in postal operations, surely it is essential that the government keep its hand in the operation and maintain the operation of the Post Office in order to ensure that the expenditures are kept at the lowest possible level.

Mr. Dinsdale: Does the Postmaster General feel that Canadians can continue to afford a half billion dollar deficit in the Post Office which results from mismanagement, inefficiency and continuing labour-management confrontation?

Mr. Blais: Mr. Speaker, I can assure the hon. gentleman that the increase in the deficit bears no relationship at all to the question of management or efficiency. It is a question of increased labour costs and transportation costs. I hope that the hon. gentleman will wait until Friday when I am prepared to participate in the throne speech debate and will inform the House completely of the situation relating to the post office.

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• (1142)

AIR TRANSPORT

MOVEMENT OF TRAFFIC AT TORONTO INTERNATIONAL—REQUEST FOR REPORT

Mr. Jim Fleming (York West): Mr. Speaker, I should like to address a question to the Minister of Transport regarding whether air traffic movement at Toronto international airport has at last returned to normal; that is, to the rate that was considered normal and safe until parliament acted to order the air traffic controllers back to work and their apparent slowdown began?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the procedures being followed in Toronto are still somewhat different from the situation prior to the air traffic control strike. I should assure hon. members and the public that safety is in no way impaired. Discussions are going on between air traffic controllers and my senior officials concerning various matters that lead to the problems and difficulties. The air traffic control situation in Toronto is much more complex than in other places in Canada on a number of counts. A variety of steps to deal with the problems created may eventually lead to a solution.

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POST OFFICE

DELAYS IN PARCEL DELIVERY AT TERMINAL A, TORONTO—GOVERNMENT ACTION

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, a question for the Postmaster General. Has the minister been informed of the long delays in clearing parcel mail at Terminal A, Toronto. If so, what action is he taking to clear up the backlog of parcel post mail which amounts to an almost complete breakdown in the service?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, I have not been made aware of any difficulty in Terminal A relating to the parcel post. The hon. member's information is usually reliable, so I shall make sure an investigation is conducted

immediately and will provide the hon. member with a reply as soon as possible.

Mr. Darling: Mr. Speaker, I am certainly surprised that the Postmaster General has not heard of this. The Vice President of the Doubleday Canada Limited is having great trouble with the backlog in Terminal A. I wonder if the chaos in the parcel post service in Toronto is due to mechanical difficulties at the new huge bulk mailing plant there? Can the Postmaster General inform the House when this expensive facility will become operational?

Mr. Blais: Mr. Speaker, I can assure the hon. member that the shortcoming is not due to any problem in mechanization. The bulk plant in Mississauga, in the riding of the hon. member to my left, is operating successfully and there is no difficulty there, as I indicated to the hon. gentleman. If there is a problem with one large user, Doubleday, I have not received any representations from them but I shall look into the situation.

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EXTERNAL AFFAIRS

NEGOTIATIONS WITH UNITED STATES ON BOUNDARIES AND FISHERIES MANAGEMENT—REQUEST FOR REPORT

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the economic importance on the east coast of the renewable fishery resources on the Georges Bank and the importance on the west coast of the boundary separating Canada and the United States in Dixon Entrance, Juan de Fuca, and in our northern area in the Beaufort Sea where Alaska joins Canada, would the minister elaborate briefly now, and later make a statement on motions, concerning his release of October 21 and inform the House how negotiations on these important matters are proceeding and what the prospects are on the east coast of obtaining the equidistant line between Canada and the United States on Georges Bank followed then by talks on joint management of the resources?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the hon. member is correct in saying that the first phase of negotiations with the United States was completed successfully from our point of view, as well as from that of the United States, I believe. Essentially what was achieved during the first round of discussions was an agreement about the manner in which the ultimate resolution of the problem will proceed. In that context an important development occurred as far as Canada is concerned in that the United States accepted the proposition of joint management of fish stocks, a plan which was advocated in large measure by east coast fishermen whom the hon. member represents. The next phase will be to see, on the basis of this agreement, how it can be translated into a treaty. The negotiators will be resuming talks within about a week or ten days. In the interim, our negotiator will be carrying on discussions with the east coast and west coast provinces that are interested.

As for the ultimate resolution in terms of the boundary itself, I would not wish to jeopardize the negotiations by indicating a specific Canadian position at the present time. I can say to the hon. member, however, as I believe he knows, that the negotiating position laid down by Canada was the equidistant line in the case of Georges Bank. This was without prejudice. This is the way things stand now. As the negotiations proceed I am very hopeful and most pleased that, despite the forebodings when the negotiations started, considerable progress has been made. The atmosphere for a resolution looks good, even though there are a lot of problems ahead.

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TRADE

CANADA-UNITED STATES AUTO PACT—ACTION TO PROTECT CANADIAN JOBS IN VIEW OF LAY-OFFS

Mr. John Gilbert (Broadview): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce my question is directed to the Acting Prime Minister. In view of the fact that there will be a $3 billion deficit in the auto parts business relating to the Canada-United States auto pact, and in view of the intended lay-off of 870 employees at Anaconda Brass which would result in a further loss of Canadian auto parts business and a loss of Canadian jobs, what steps does the minister intend to take with regard to adjusting this difference and protecting jobs for Canadian workers?

Hon. John C. Munro (Acting Prime Minister): Mr. Speaker, I would indicate that we are very concerned regarding the possibility of lay-offs at Anaconda Brass. I know that officials of the Department of Industry, Trade and Commerce and others have been meeting to see if we can alleviate the situation. Perhaps further particulars can be given by the Minister of Industry, Trade and Commerce on the next occasion he is in the House.

Mr. Gilbert: A supplementary question, Mr. Speaker. I wonder if the minister would act in the same casual way if this affected the steel industry in Hamilton? I should like him to tell the House whether the Minister of Industry, Trade and Commerce has received a reply to the telex he sent to Anaconda officials in regard to delaying the decision to rescind the close-down order and to continue the operations to protect Canadian business?

Mr. Munro (Hamilton East): Mr. Speaker, as I indicated the minister in question will be able to give all the details necessary with respect to the negotiations he has had with the company. I hope he will be able to do that very shortly.

FISHERIES

SALMON FISHING ON ATLANTIC COAST—POSSIBILITY OF COMMERCIAL OPERATION

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is for the Minister of Fisheries and the Environment. I shall try to put it without making a speech. I wonder if the minister can inform the House if a final decision has been taken with regard to a commercial salmon fishing season on the Atlantic coast next fishing season? If so, has the manner and form of that season been decided or is it subject to negotiation with the fishermen?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the decision to open a modest commercial salmon fishing season on the east coast, where it had been banned for six years, has been taken in principle. I am awaiting the latest reports from the biologists about the escapement of this year's run. The manner in which this re-opening would take place is the subject of consultation with fishermen and fishermen's organizations on the east coast. I hope we can arrive at a unanimous agreement.

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RESOURCES

MINING—SUGGESTED REMOVAL OF DOUBLE TAXATION

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is addressed to the Minister of Energy, Mines and Resources and follows the line of questioning by the hon. member for Don Valley on Friday and today. In view of the situation at Sudbury and Thompson, and soon in all mining communities in Canada, in view of the fact that the new government of British Columbia has reduced its taxes on mining, in view of the fact that the new government in Manitoba indicated its intention to reduce the high taxes on mining in that province, will the minister ask the Minister of Finance to consider removing the double taxation on the mining industry which was imposed in 1974 in the budget brought in by John Turner? This is one of the reasons our mining industry is not competitive, taxwise, with other countries.

● (1152)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I would agree with the hon. member that there are instances in certain provinces where the combined federal and provincial tax rates clearly indicate a major disincentive to that industry and in those provinces. As a result of a significant study, we have brought the situation to the attention of various provincial mines ministers and finance ministers across the country. I hope that, as a result of that study and the work we have been doing in my department with various provincial governments, other provincial governments will act. If the hon. member were to talk to industry, he would find that there is no major complaint with the federal government tax level. The complaint is with respect to certain provincial tax levels which discourage mining investment.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I will repeat my question. Will the federal government offer to the provincial governments their proposal to reduce the double taxation imposed on these companies because of the quarrel between the civil servants in Ottawa and the civil servants in the provinces over who will get the most from the mining industry. My question is simply this: Will the minister, on behalf of the mining industry, recommend to the Minister of Finance the ending of double taxation imposed by the Turner budget of 1974?

Mr. Gillespie: Mr. Speaker, I will have to repeat a part of my answer because I made it quite clear to the hon. member that the federal tax level is below the provincial levels. If, in the words of the hon. member, there is double taxation of the industry, then I would say to him that there is a very simple solution. Those provinces which have a combined tax level which is significantly higher than that in other provinces and than that, perhaps, in some other jurisdictions, have it within their power to reduce their tax level so that the combined tax level in this country would be a more propitious one.

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ADMINISTRATION OF JUSTICE

SUGGESTED REVISION OF MANDATORY PAROLE PROVISION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is for the Minister of Justice. In light of the fact that a prisoner in the province of Ontario has just been released on mandatory parole—as set out by the law over which the minister and his department and the Solicitor General have no control—is it the intention of the government to amend that section of the law so that in cases such as this one, where a prisoner with a long record of sex crimes and who is now under police surveillance in two towns in Ontario, could be brought either before a judicial body or someone who would have the power either to grant or not to grant parole as was laid down in Bill C-51 last session?

Hon. Ron Basford (Minister of Justice): As I understand it, in the case to which the hon. member referred, the man had served his sentence and was therefore, by operation of law, released from the penitentiary. As the hon. member knows, in the last session of parliament in Bill C-51, we amended the law to do away with statutory remission by which people could earn a reduction in their sentence simply by serving it and that statutory remission, as of October 15, has been done away with. People now have to earn any remission by good behaviour. In that same legislation we implemented the revision of the dangerous offenders section which also came into operation on October 15.

Mr. Woolliams: The minister is well aware of the fact that one of the most difficult charges to prove is the habitual

criminal acts charges under the Criminal Code and now the dangerous sex offenders charge under the amended code. In light of that fact, these prisoners continue to be released on what we call mandatory parole, I am asking the Minister of Justice this question in all seriousness, because I brought to his attention last year a murder in Calgary where the accused was released and now we have a situation in Ontario which is creating a great deal of anxiety.

Mr. Basford: I appreciate that, but the problem is that when people have served a fixed sentence, they are subject to release from the penitentiary. That is the reason the Criminal Code was amended last session and the dangerous offenders section was included to deal with those with an indeterminate sentence under which a person cannot be released if deemed to be a dangerous offender without the approval of the administration and of the courts.

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NATIONAL DEFENCE

DEPLOYMENT OF NEUTRON BOMB—GOVERNMENT POSITION

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. On July 15 of this year, in answer to a question about the deployment of the neutron bomb, the Prime Minister said that he had not been consulted and the Minister of National Defence said that all he knew was what he had read in the newspapers. Since the minister has just attended a nuclear planning group meeting in Bari, Italy, can he tell the House what policy he advanced on Canada's behalf concerning the deployment of the neutron bomb?

Hon. Barney Danson (Minister of National Defence): First of all, Mr. Speaker, I would like to correct the hon. member. I was not present at the meeting in Bari. We are rotating members of the planning group and we were not present this time, although we are kept informed on what goes on there. The first thing to do is to realize that the term "neutron bomb" is a misnomer. Actually it is not a bomb and it is not a strategic weapon. It is known in NATO circles as an enhanced radiation warhead.

Some hon. Members: Oh, oh!

Mr. Danson: It has a reduced blast. We are not dealing with very nice things, Mr. Speaker, but these are part of the arsenal of modern nations today. The neutron bomb, as my hon. friend calls it, the enhanced radiation warhead, is not in production. It has not been decided by the President of the United States that it would go into production as yet. In his considerations he has decided to consult his NATO allies. Some discussions are taking place or have taken place, as I understand it, at the NPG meeting in Bari, but there is not a unified position on it at this time and no decision has been made, but all the allies will be consulted on this matter. There is no question about its effectiveness as a military weapon but the considerations go quite beyond that.

Mr. McKinnon: The nomenclature used by the minister is rather surprising. People in some circles might think that this use of the word would fit better the minister of housing, which was the previous portfolio of this minister, in that the bomb is designed to protect houses and kill people. The serious thing about it is that if deployed it might well lower the nuclear threshold in western Europe and make the likelihood of a nuclear war breaking out more serious than it is at present. Is he telling us that Canada has no position on whether we are for or against the deployment of the neutron bomb or, as he prefers to call it, the enhanced radiation warhead?

Mr. Danson: It is not, Mr. Speaker, that there is no position. The whole question is being studied at this time by us and our allies. Obviously one of the considerations would be the reduction of the nuclear threshold. There are counter arguments to that and we want to hear them all before we go running off shooting advanced radiation warheads from the hip.

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EXTERNAL AFFAIRS

NUCLEAR DISARMAMENT—REQUEST FOR REPORT ON NEGOTIATIONS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my supplementary question is for the Secretary of State for External Affairs in light of the general question of the nuclear disarmament. As you are probably aware, Mr. Speaker, the minister is about to depart on another extended tour, and yet we have not had an in-depth report from him on the last of a series of meetings in London, England of the nuclear supplier group. My question to the minister is whether it will be possible for us to have an in-depth report from the minister on this important subject before he leaves?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Not before my departure, Mr. Speaker. I should say to the hon. member that, through nobody's fault, and I think hon. members opposite will agree, a statement had been prepared the summer before we adjourned and could not be presented nor could a debate take place. Within the next two weeks some significant developments are to occur, including those at the INFCEP meetings in Washington with regard to restrictions on reprocessing and the like. Probably, it would be appropriate to await the outcome of these, and I will undertake to the hon. member and to the House to have a full statement as early in November as possible when we get the details. In the meantime, if the hon. member wishes to have some form of briefing, I will be glad to arrange it for him while I am away.

CODE GOVERNING FOREIGN SALES OF NUCLEAR TECHNOLOGY AND INFORMATION

Mr. Allan Lawrence (Northumberland-Durham): I am not only talking as an individual member. Obviously, I am trying to elicit information that should be available to the Canadian public on a matter such as this because it seems to me that those who are interested in it have to go to the foreign press or to foreign governmental officials to get this type of information. Here, especially, the House is pretty well united on the general subject of nuclear disarmament, and yet we have to go overseas to obtain that kind of information. For instance, can the minister inform us if at the London meeting, as reported in the Washington *Post* of Tuesday, October 4, agreement was reached for the first time to publish a code governing foreign sales of nuclear technology and nuclear information? If so, why have we not heard this from the minister? When is the code going to be published? When can we have something specific instead of these vague generalities we always get from him?

● (1202)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): With the greatest of respect, Mr. Speaker, I have been ready ever since the House has been opened to answer any questions which the hon. member might care to pose. This is the first occasion that he or any other member has seen fit to ask this kind of question. It might have been possible to make a statement on motions. There were two days. I am not sure that hon. members then would not have complained that we were taking time away from the throne speech debate. Let's be frank about it. However, that does not detract from the importance of the matter which the hon. member has raised.

First of all, let me answer that specific question. The report that the hon. member has read is basically correct. There is an anticipated published proposal. The drafting of that, of course, is something which has to be done. The contents of it will obviously not be known until the drafting has been completed.

On the broader question, a number of developments have occurred. I am sure the hon. member knows, for example, that within the past two or three weeks the United States has made an arrangement with Japan which significantly alters the total situation with regard to nuclear non-proliferation. We are seeking to find exactly the proper time and the proper occasion on which a statement can be made that will be something other than an invasion. I have no reason in the world to withhold from this House anything by way of a frank assessment of the proposal. In fact, I would welcome some clear declaration from the opposition as to what they themselves would do. Given what they have been talking about with regard to Sudbury, I am very much surprised and doubtful whether I would get that kind of unqualified statement.

PENITENTIARIES

POSSIBILITY OF ESTABLISHMENT OF FACILITIES AT BURWASH—GOVERNMENT POSITION

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Solicitor General. In view of the cutbacks by INCO in Sudbury which will have a very adverse effect on the whole Sudbury district, and the negotiations which have been going on between the Solicitor General's department and the Ontario government for the establishment of a federal correctional institution at Burwash, can the minister say whether he is prepared to move immediately to establish a new federal facility at Burwash and thereby create several hundred new jobs for the Sudbury Basin?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I have of course received representations of this kind from the hon. member on this subject. I wish to report to the House that we have completed our initial negotiations with the province of Ontario and have now set a price for the acquisition of the institution. At the moment, we are determining our own evaluation of the type of upgrading and the cost of that upgrading that would be required to use the institution as a federal correctional facility. I am most interested in the acquisition of the institution. Not only would it provide additional jobs in that area, but it would permit me to implement one of the recommendations of the subcommittee of the House which investigated the penitentiary system last year, a recommendation in connection with the establishment of some specialized institutions in the country. I therefore hope to be in a position to make an announcement in this regard in the very near future.

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RESOURCES

REASON FOR FAILURE TO AVERT LAY-OFFS AT INCO IN VIEW OF EARLIER STUDIES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a supplementary question for the Minister of Energy, Mines and Resources with regard to this problem at INCO which concerns a number of members of the House of Commons, including yourself, Mr. Speaker. I want to ask the minister for clarification of his position with respect to it. On Friday, the Prime Minister gave the impression that he had just heard of the problems at INCO. His answer is in *Hansard* at page 114. He said that they were informed of this very serious decision yesterday morning. That was last Thursday. Today the Minister of Energy, Mines and Resources indicated that the matter had been under study for a period of two years. Assuming that the minister was telling the truth when he answered his question in the House today about studies undertaken with respect to this matter, will the minister now tell us why he did not go to INCO a year ago or perhaps two years ago, to advise them what those studies revealed to see whether this dreadful situation could have been averted? We now see that situation snowballing to Newfoundland and other parts of

the country. The House is entitled to an answer to that question.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I do not accept the preamble at all. The hon. House leader of the opposition is now trying to present himself as an instant expert on the mining industry. If he had followed the work that was done over the past year, he would know that there have been consultations between my department and the industry on a regular basis. He would know that the international market for mining activity in Canada was in a very depressed state. He would know that capacity outside the country had increased very substantially. He would know a lot of these things and would not have to ask that kind of a question.

Mr. Baker (Grenville-Carleton): Mr. Speaker, if I should have known these things, then the minister should have known these things. Why has he not done something about it?

Mr. Gillespie: Mr. Speaker, I thought I made it quite clear that we have been working with the industry. If the hon. member has just become aware of the situation, he should have known that it could happen in the mining industry at any time. Anybody in the mining industry unfortunately has to live with that spectre.

ROUTINE PROCEEDINGS

[*English*]

SPORTS

TABLING OF GREEN PAPER ENTITLED, "A NATIONAL POLICY ON AMATEUR SPORT"

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, pursuant to Standing Order 41(2), I am pleased to table in both official languages a green paper entitled, "A National Policy on Amateur Sport".

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CANADA ELECTIONS ACT

AMENDMENT OF CERTAIN PROVISIONS

Hon. Norman A. Cafik (for the President of the Privy Council) moved for leave to introduce Bill C-5, to amend the Canada Elections Act.

Motion agreed to, bill read the first time and ordered to be printed.

[Mr. Baker (Grenville-Carleton).]

CANADA PORTS ACT

ESTABLISHMENT OF PORTS POLICY AND PORT COMMISSIONS

Hon. Otto E. Lang (Minister of Transport) moved for leave to introduce Bill C-6, respecting Canadian ports.

Motion agreed to, bill read the first time and ordered to be printed.

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PUBLIC ACCOUNTS COMMITTEE

AMENDMENT OF STANDING ORDER TO PROVIDE FOR PERMANENT REFERENCE

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, some concern has been expressed about a change in Standing Order 65(1)(q), which was implemented last year, designed to have a permanent reference for the Standing Committee on Public Accounts. We have discovered that there is a flaw in this particular resolution. I have discussed this with House leaders. The following has been agreed:

That Standing Order 65(1)(q) be amended by inserting between the word "been" and the word "referred" the word "permanently".

Mr. Baker (Grenville-Carleton): Mr. Speaker, that is in accordance with discussions we have had. I want to thank the deputy government House leader.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Speaker: There seems to be general agreement that that motion be proceeded with now. It cannot be proceeded with without unanimous consent. Is there unanimous consent to deal with the motion at this time?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

• (1212)

[*English*]

OFFICIAL REPORT

CORRECTION OF ANSWER BY SOLICITOR GENERAL

Hon. Francis Fox (Solicitor General): I rise on a point of order, Mr. Speaker. During the course of the question period on October 19 I made a factual error in responding to a question addressed to me by the hon. member for New Westminster (Mr. Leggatt). As reported on page 17 of *Hansard* I indicated that the commanding officer of the RCMP in Alberta had met with the attorney general of Alberta. As a matter of fact, the commanding officer of the force in Alberta met with the solicitor general of Alberta, the minister responsible for the force in that province.

SPEECH FROM THE THRONE

[*Translation*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Friday, October 21, consideration of the motion of Mr. Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session; and the amendment thereto of Mr. Clark (p. 30).

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would have hoped that perhaps the Speaker would remain in the Chair for I would like later to make a few comments on certain statements he is reported to have made during the weekend. I think the hon. the Speaker of the House will have to listen to some advice which will be given him.

This is the first time in several years that I have the chance of participating in such a debate. I have indeed been in this House for a good many years and I always have given up my turn since other opportunities were offered to me. This year however, I decided to try and catch the Speaker's eye to participate in the debate.

I would like to point out that the two young members, young in terms of seniority, who moved the Address in Reply to the Speech from the Throne, namely the hon. member for Louis-Hébert (Mr. Dawson) and the newly-elected member for Malpeque (Mr. Wood) did very well in those rather symbolic duties. Younger members are always called upon to move the Address in Reply to the Speech from the Throne. Once again, I would like to say that they did a fine job, for which I congratulate them.

However, before discussing the motion of those hon. members and the motion moved by my leader which is a non-confidence motion, I would like to comment on what is taking place in the House. As I said, it is regrettable that Mr. Speaker is not in the House because I will refer in a rather specific manner to the discussions of this past Friday when my colleague for Northumberland-Durham (Mr. Lawrence) moved the adjournment of the House under Standing Order 26.

[*English*]

Mr. Speaker, there have been some incidents in the past week, the first in which we have had television in the House. It is a trite saying now in newspaper articles and elsewhere that this chamber is going to be greatly modified, that this is the greatest thing since the discovery of sliced bread. Well, I want to make certain observations about what has been said here in this chamber with the advent of television and about what I hope will not be the attitude of members in this House. I hope that this will scotch, once and for all, the idea which may now be growing as a result of certain things said, and may be repeated, with regard to what speeches are made and to whom those speeches are being addressed.

The Minister of National Health and Welfare (Miss Bégin) startled me on Thursday last when she wished to comment on a question put by the House leader of the official opposition, the hon. member for Grenville-Carleton (Mr. Baker). According to the Chair, the question was out of order but the hon. minister indicated that because the House was now on television it was quite wrong to prevent her from answering or making a comment. What a nonsensical argument, that if a question is ruled out of order as containing certain allegations, as they often do, because we are on television the Chair's ruling of out of order should be set aside and a reply or comment made. That is utter nonsense, yet that was the argument of the Minister of National Health and Welfare.

In the same way, the Minister of Employment and Immigration (Mr. Cullen) has commented and attributed motives.

Mr. Baker (Grenville-Carleton): The Postmaster General (Mr. Blais), too.

Mr. Lambert (Edmonton West): I am coming to the Postmaster General because he, too, participated in these totally improper references to the conduct of members, allegedly because television is now in this chamber. Mr. Speaker, if this chamber is to become merely a podium for representatives of parties to address larger audiences, then those who allege that parliament has become irrelevant are vindicated. Incidentally, I don't know why they make these wiseacre comments, because that is all they are; many of those who make such statements have rarely been inside this chamber, and do not know how it works. But if this chamber is to become merely a speaking platform from which to reach an audience out beyond, it merely becomes, then, a method whereby a message may be put out, to what audience, one never knows. In the immediate future it may be limited to the Ottawa area, to those who subscribe to a cable system and have a converter. Those are the people who will be following—possibly—the sittings of this House.

Then there is to be a weekly wrap-up, and we have seen that in the news clippings certain ministers make certain statements in reply to questions. All I can say to hon. members is this: take a look at the performance of the province of Alberta where the legislature has been on television since 1971 or

thereabouts. All that great program to take the legislature to the public no longer exists. It is only when ministers, in reply to a question, give an answer which is of public interest that there is a clip taken of the minister. Backbenchers never enter the picture, of course, unless they position themselves behind ministers.

● (1222)

The comment about what may have been some shifting around here on Friday afternoon, when frankly there are not many members in the House—there never have been and there never will be—ignores the fact that members have timetables to keep, airline schedules to follow, and that great distances have to be travelled by hon. members to get to their constituencies where they have important things to do. They also have families and, as members of parliament, they have the right of access to their families just as anybody else has. Somehow the public seems to forget that. Members of parliament are nailed to their desks here from Monday morning at the opening of the session until Friday at five o'clock when the session closes. I say that comment was utter tripe, utter nonsense.

Let me say something about the nature of this debate. I raised this point with Mr. Speaker the other day and I regret that he did not wish to listen fully to my argument, as I think he should have. This debate is for the purpose of discussing the Speech from the Throne. By tradition it has been reserved for backbenchers. Government ministers review certain aspects of policy, but it is for backbenchers to raise problems, to report from their constituencies, and in fact to report to their constituencies from this chamber.

But what has happened in this debate, Mr. Speaker? The Prime Minister (Mr. Trudeau) has been the first to admit that into this throne speech debate has been inserted a mini-budget. That has been done perfectly legally, but it was done, said the Prime Minister, to save time, or so he alleged. I ask, whose time? The government's time at the expense of the backbenchers, who would under normal circumstances, and who should under all circumstances, have the opportunity of discussing the throne speech through the full tenure of the debate, as well as discussing a budget.

We voted on an amendment last Thursday and we are voting on the main amendment tonight. There may be another amendment. But none of these amendments should have to do with the content of the budget statement or resolutions which were put forward by the Minister of Finance (Mr. Chrétien) the other night. This would be pre-empting that particular debate. Depending upon who moves another amendment to be voted upon on day six, there will not be any expression of opinion by this House on the mini-budget until we get to the individual bills, primarily the income tax bill. It is on this expression of opinion by the House that the government must survive.

I doubt whether it has occurred to a number of cabinet ministers that we are still operating under a form of responsible government and that the government holds power for so long as it has the confidence of this House; but if subterfuges like introducing a mini-budget are used—indeed, it is a budget because there are major modifications in proposals put forward by the former Minister of Finance—then the House has had its opportunity foreclosed.

In addition, Mr. Speaker, there is one other point. While I must accept the rulings of the Chair on particular questions, I do not have to agree with them, and I do not agree with Mr. Speaker's ruling on my colleague's motion under Standing Order 26 on Friday. The subject matter was indeed most urgent. I say there is no case for insisting that debate on that particular item pre-empts the right of members to participate in the throne speech debate. But that is what has happened.

Under the rules, if Mr. Speaker had been prepared to accept the motion, debate on it could not have commenced until three o'clock on Friday afternoon. Members who were interested in that question—I would hope there would be many because it is a very serious matter—would then have had unlimited time to discuss the question until the debate was finished. But no, Mr. Speaker, it has been thrown into this debate, the Chair ruling on the basis that if members indicated they wished to discuss the Sudbury and Thompson situation, the Chair would recognize them. I say that is an improper insertion of that debate into this. Say over the weekend some other very important event had come up. Following the logic of Friday's decision by the Chair, that item too could be brought into this debate. I disagree with that and I record my disagreement publicly and as forcefully as I can.

In the same way I also object to being told, as I have quite often in the past, that subjects brought up for discussion under Standing Order 26 will have to form the subject matter of an opposition day. I participated in the formulation of the rules in 1968 and I know why provision was made for opposition days. In effect, they were a curtailment of the opportunities the House used to have, when dealing with motions, to introduce estimates, and also motions for interim supply.

Again in the spirit of so-called efficiency, emergencies are to be discussed at the expense of the opposition's time. By what right is that done? Emergencies and adjournments of the House are debates at the expense of government time, not that of the opposition. Should the occasion arise again this year, then this House can certainly expect to hear from me on this particular point.

I am eternally interested in the rights of the backbenchers on both sides of this House. They have been abused over the years on every occasion by this sacred white cow known as efficiency. It is the backbencher who gets in it in the neck. We can always improve, shall I say, the handling or expedition of business in this House, but in this regard let me warn hon. members, particularly those on the government side whose experience in the House may be somewhat limited. I will use the words of the right hon. member for Prince Albert (Mr. Diefenbaker) that it is a long, long road that has not got some ash cans, and it is a long, long road that has no turning. What suits the government today can be a terrible, terrible restriction tomorrow when there is a change of power.

● (1232)

Back in the fifties in a moment of weakness, the Chair accepted a certain proposition with regard to the discussion of supplementary estimates. At that time the opposition thought it was great, but when they took over on the other side they discovered what sort of hair shirt they had fashioned. I caution hon. members opposite that they are fashioning hair shirts which they will have to wear.

I will not discuss the budget presentation which occurred the other night. That will come in due course. There are changes and inadequacies but, according to my argument today, this is not the time to discuss the matter proposed by the Minister of Finance.

It is unfortunate that the ministers involved with what I am about to discuss are not here, but on Thursday past there was considerable questioning by my colleagues, the hon. member for Central Nova (Mr. MacKay), the hon. member for Perth-Wilmot (Mr. Jarvis), the hon. member for Edmonton-Centre (Mr. Paproski) and possibly others with regard to an agreement signed by the deputy minister of National Revenue and a representative of the Royal Canadian Mounted Police in April of 1972. The hon. Minister of National Revenue (Mr. Guay) has indicated that everything was legal. When I asked the Minister of National Revenue about the definition of organized crime, the Solicitor General (Mr. Fox) said that it was contained in Bill C-51. I do not know how one of the principal officers of this House can assert that a definition contained in a bill passed by this House in mid-1977 should define the terms of an agreement signed in 1972. What is this? Is it a new form of retroactive legislation?

I say to hon. members opposite that the argument made by the Solicitor General is fatuous. That is the best I can say for it. Perhaps there is a definition of organized crime in Bill C-51 which can be found in clause 7 at page 47. Possibly there is some wording that can be interpreted as a definition of organized crime. The hon. member for Central Nova indicated that the best definition of organized crime is contained in Bill C-24, the Immigration Act passed this summer. Presumably that has a retroactive meaning to 1972. I have a copy of the agreement which the Solicitor General tabled as a result of my question to him. This agreement is supposed to deal with investigations concerning unreported and innocent accumulation of wealth amassed by organized crime figures. Perhaps the authors of the press release are aware of what organized crime figures are because they base themselves on present legislation; but when one looks at the agreement, there is no such thing.

All hon. members are subject to investigation under the terms of this agreement. I should like to refer to the memorandum of understanding between the Department of National Revenue, and the Department of the Solicitor General which in part reads as follows:

> The Minister of National Revenue, pursuant to the provisions of subsection (4) of section 241 of the Income Tax Act, hereby designates the members of the Directorate of Criminal Investigations of the Royal Canadian Mounted Police as authorized persons for the purpose of assisting him and his officials in carrying out investigations for such purposes as the Minister of National Revenue may designate related to the administration or enforcement of the Income Tax Act.

There is not one blessed word limiting such investigations to criminal activity. The memorandum continues as follows:

> The Royal Canadian Mounted Police acknowledges that the members of the Directorate of Criminal Investigations of the Royal Canadian Mounted Police will conduct for the purposes of the Income Tax Act—

Remember it is limited strictly for the purposes of the Income Tax Act.

> —Such investigations of such persons as the Minister of National Revenue may from time to time request—

There is one exception and that is if the RCMP does not have enough personnel they are permitted to say: "No thanks, we cannot do it."

The memorandum continues:

> The Minister of National Revenue will furnish the Directorate of Criminal Investigations of the Royal Canadian Mounted Police with such information or material in his possession which in the minister's opinion will facilitate the conduct of any investigation which the Directorate of Criminal Investigations of the Royal Canadian Mounted Police is carrying out on behalf of the minister.

Mr. Speaker, that reveals the precise situation. The Minister of National Revenue says: "All legal", I say "Totally illegal activity" under this agreement as revealed in the Laycraft inquiry. I am not making any brief with the Royal American Shows, but where this agreement comes into play is in the Minister of National Revenue turning over to the RCMP the tax returns of one Albert J. Anderson not only for the year 1975 but for previous years.

As far as the RCMP were concerned, they were interested in Mr. Anderson because of charges under the Criminal Code, and that is totally denied under this agreement. There was no investigation of Mr. Anderson with regard to the Income Tax Act, but officials of the Department of National Revenue gave his income tax returns to the RCMP who were looking into his background with regard to a charge under the Criminal Code. Of course, the whole thing has fallen through so far as prosecution of Mr. Anderson is concerned, but let not the Minister of National Revenue stand up in this House and say his officials acted legally. I say they acted illegally.

● (1242)

Second, there was the question of tapes. The provisions of our privacy legislation which deal with wiretapping under the Criminal Code are related to offences under the Criminal Code and others designated specifically in the statute as passed by this House. Nowhere does it mention income tax, yet the representative of the Department of National Revenue admitted in the Laycraft inquiry that he had listened to tapes furnished to him by the RCMP for which authority had been obtained for criminal purposes. At no time was it mentioned that these tapes were going to be listened to by a representative of the Department of National Revenue. The section does not include the Income Tax Act as a legal purpose whereby the police may obtain permission to—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member for Edmonton West (Mr. Lambert) have unanimous consent?

Some hon. Members: Agreed.

Mr. Lambert (Edmonton West): Thank you, Mr. Speaker, and thanks also to hon. members of this House. I will not abuse this privilege.

I have pointed out the inconsistencies in the answers of the Minister of National Revenue and of the Solicitor General with regard to this particular matter. I have also asked the Minister of National Revenue whether there are any other types of agreements with regard to the use of social insurance numbers, for instance, other than for that which may be given under this particular agreement. Is there any other type of agreement whereby the Minister of National Revenue can give selected bits of information from tax returns? We received a total non-answer the other day, but I want warn the hon. gentleman that he will have to produce that information somewhere along the line, and the sooner he can give the House the proper information the better it will be. If he wishes to join in this debate, that is perfectly fine. If he wishes to stand up on motions and make a statement to correct the information with which he inadvertently misled the House the other day, that is perfectly good as far as I am concerned.

There are other subjects on which I would have liked to have spoken, a particular subject being the rejection by the Treasury Board of the much needed improvements and modifications to the terminal at the Edmonton International Airport. I notice that the previous minister of transport, the present Secretary of State for External Affairs (Mr. Jamieson) is here. He knows about this because those demands were in existence when he was minister. However, the situation has become chaotic. The matter is urgent, and no reason was given; simply that the Treasury Board had turned down these much needed improvements. It is not that I want to spend the money; it is that the public using that air terminal is being prejudiced. The public pays the airport user tax just as anybody else, but frankly cattle pens are better than the customs facilities there. We treat cattle better than we do people coming off major planes, and those people have to use those facilities. Calgary is doing much better. It has its Mirabel of the west at $150 million, plus or minus. The public there can get customs clearance. People can be handled quite adequately there, but Treasury Board and the Minister of Transport (Mr. Lang) have to come up with answers as to why for the third year in a row those improvements to the air terminal in Edmonton have been turned down. That is my plea.

I said I was going to mention one other point. It is with the greatest sadness and respect for the Chair that I say I do not think Mr. Speaker should introduce himself into controversial questions such as the one regarding the proposed layoffs by INCO at Sudbury. It is Mr. Speaker's own constituency, I know, but there is already controversy between the government of Canada and parties in this House. If I may say so, the Chair must not get itself involved on one side or another of the controversy. That is one of the limitations or characteristics of the Chair. Never, never, should Mr. Speaker, appear at a public controversial meeting.

[The Acting Speaker (Mr. Turner).]

Mr. O'Connell: Not even in the House?

Mr. Lambert (Edmonton West): Outside the House. The hon. member may have different ideas as to the standards which should be followed by the Chair.

Mr. O'Connell: He is a member.

Mr. Lambert (Edmonton West): Let the hon. member make a speech, and possibly on some other occasion I will be able to reply to him. Let me simply say that I hope we will not see the Chair become involved. I have gone through this. The temptation was great, but I know all our predecessors in the Chair have deliberately abstained from controversy, even though during election compaigns one is involved. An election compaign is something different. This should not be done whilst the hon. gentleman is presiding in this House.

With that I thank hon. members for giving me this opportunity and allowing me to extend my remarks.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I notice that it is about eleven minutes to one. However, in the interests of using up all the time of the House I will refrain from the tendency of calling it one o'clock and proceed, and I presume with the indulgence of hon. members I will resume after the luncheon break.

First, like all speakers, I want to compliment the hon. member for Louis-Hébert (Mr. Dawson) and also the hon. member for Malpeque (Mr. Wood) for their splendid contributions to the throne speech debate.

Some hon. Members: Hear, hear!

Mr. Jamieson: I happen to know something of that experience because it was ten years ago, I hate to admit, that I had the honour of moving the Address in Reply during centennial year.

Of course, this year was also a special occasion for the participants because of the gracious presence among us of Her Majesty the Queen. I know I speak for all Canadians and most particularly for my fellow Newfoundlanders when I say how delighted we were, not merely at the Queen's presence here, but also with the charm, dignity and grace with which she carried out such a tremendously heavy burden of functions and responsibilities while she was with us.

Some hon. Members: Hear, hear!

Mr. Jamieson: Understandably, the emphasis during this debate has been almost exclusively on what we can do and ought to do within Canada in order to bring about an improvement in present economic conditions. I say that this is the appropriate emphasis for most hon. members because it has been made abundantly clear that there is a great deal we can do within this country. There is a great deal in fact we must do of our own volition if we are to regain the momentum of economic progress which is so important to the future. I think it is also important in this debate that some member—perhaps I might venture to say that I am the most appropriate one

given my responsibilities—ought to say a word or two about the international implications of the current economic situation and related questions.

● (1252)

I think all must recognize, and I believe most of us do, that despite all the things we do for ourselves during the next weeks, months and years, Canada will not really be restored to full economic vigour unless there is a companion improvement in the economic situation around the world. It would therefore be a mistake if we were to assume that we had within our own hands all or even most of the levers necessary to bring about a desired situation.

Having said that the importance of this international dimension ought not to be overlooked, I think it is also of the greatest significance and importance that we as Canadians understand the real nature of our role in internationl affairs. Sometimes I believe there is a tendency to over-estimate or over-state Canada's ability in various world forums to bring about circumstances which we consider desirable. It is important that we be realistic and understand the limitations placed upon our actions internationally while at the same time identifying, clearly and unmistakably, those areas where we do have capability not only to improve our own circumstances but to enhance the general position of the world.

As has been demonstrated time and time again, Canada has the respect and confidence of many of the international groupings where decisions affecting all of us are made on a regular basis. For example, Canada has had for some time membership in the so-called summit group which had its most recent meeting in London in May of this year. It is made up of the eight largest economically powerful countries in the world. This was quite a recognition for Canada and I say that in a totally non-partisan sense.

Similarly, Canada plays a leading role in the OECD, the economic and co-operative development organization, based in Paris in which members are drawn from all developed countries in the western world. We also have participation in the International Monetary Fund and a range of other organizations, all of which are coming to have a far greater importance than ever before in terms of this universal or global effort to come to grips with the unique situation we face on this planet. At all of these meetings, most of which I have attended, a consensus has emerged clearly and unmistakably on certain key and important points. While these have been uttered so often as to become trite in many respects, the fact of the matter is they must be repeated because we ignore them at our peril.

There is a range of conclusions, some of them so simple that I would not insult the intelligence of this House by going through a recitation of them. One conclusion stands out above all others, however, as being central to international planning for economic recovery. It is that the energy crisis and the events associated with it over the past four or five years and certainly since 1974, have brought about significant and permanent changes in the world economic structure. I emphasize the word "permanent" because this is really the key to moving toward a solution. In other words, since these structures have altered in a manner that cannot be restored, new structures must be tried; new concepts have to be developed. As well, we must slough off some of the old conventional simplistic techniques which have been used with relative success over past decades to correct imbalances as they occur in the world economic order.

I emphasize this point for the particular reason that there is still a tendency for all of us, instinctively, whether in the public sector, in this House in government or opposition, or in the private sector, to ask what we did last time and to apply that remedy again. The truth of the matter is that in terms of our present problems there is no last time. This is a new, a unique situation.

At one of the international forums not long ago I heard a gentleman quote a Scandinavian philosopher, I believe, to the effect that the essense of tyranny is the denial of complexity. These words certainly ought to drive home to us that we are in an enormously complex situation and that those who propose simplistic answers are guilty, first of all, of the tyranny of tending to look inward in a very narrow self-interested fashion which ultimately will fail.

There is another danger with the simplistic approach and we are seeing it on every hand around the world. It is the tendency for people to believe that all will be well if only they put into decision-making positions some miracle-maker who can put everything right without any effort on the part of the people themselves. Of course, when the miracles fail to materialize, as they inevitably will, and when there is a continuation of the problems, as there inescapably is, the inevitable result is as we are seeing in one country after another, not merely a deepening of cynicism but a very real threat to democracy itself.

It is demonstratively true and necessary, therefore, that we in this House and all the people of Canada recognize the nature of the difficulties we face. We must not seek to proceed with a whole series of unilateral actions, many of which are mutually exclusive and which in the end will create a situation far more devastating than anything we have seen to date.

Some hon. Members: Hear, hear!

Mr. Jamieson: If I may have just one moment before we recess for lunch, Mr. Speaker, let me try to put in perspective one or two issues in international economic affairs that are often overlooked. First of all the free market society—countries pursuing an open approach generated by and supported by democractic governments—have shown themselves to be far more vigorous, far more resilient than anyone thought possible in 1974. One has only to recall the dire forebodings expressed in this House just three or four years ago with regard to the free world economies and the structures of those nations to realize that they have shown remarkably more toughness than any of us had predicted. In other words, we had a tendency to underestimate our own capabilities. When you think that countries such as the United States, the European Economic Community or Canada have been able to withstand within a

three year period a fourfold increase in energy prices, then this of itself should give us reason for confidence that we can move through the remainder of this difficult period and emerge both wise and more strong than we were before.

● (1302)

In calling it one o'clock, Mr. Speaker, may I say that after lunch I will try to demonstrate some of the means through which we can achieve that goal.

Mr. Speaker: Order, please. It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Turner): When we adjourned at one o'clock, the Secretary of State for External Affairs (Mr. Jamieson) had the floor.

Mr. Jamieson: Thank you very much, Mr. Speaker. When we rose for lunch I had said that the international dimension of the current economic problem was such that virtually all of the leaders of the western, developed countries had acknowledged that what we were facing was a permanent change in world economic structures brought about primarily by the dramatic changes in the energy situation, which in turn, of course, was the result of the fourfold increase in prices. I had pointed out, as well, that although we have had, in the western world and in the developed world, very difficult times since 1974, the performance was not as bad as many had forecast and the free democratic system had shown what I described as far more resiliency than even some of its advocates had thought possible at that time.

There is another aspect of the situation which gives us cause for confidence. That is the fact that during this period from 1974 on, we have also seen the development of international organizations, some of which I have referred to—the OECD, the summit meetings, the International Monetary Fund, and a number of others. They have once again demonstrated the free world's capability to come together to act in concert in order to fend off some of the most difficult aspects of this unprecedented world situation.

While in 1977 we can scarcely say that conditions are normal—if, in fact, that is an appropriate word under any circumstances in today's world—the truth is that progress has, in fact, been made. If one looks at the statistics relating to the OECD countries, it is encouraging to note that the rate of inflation around the world has dropped sharply from what it was in 1974. Then it was running at something close to 14 per cent. In 1975, this concerted action to which I referred reduced it to a little more than 11 per cent. At the present time, while the statistics are not in, and will not be until November or December, it is fair to anticipate that the average rate of inflation in the developed world will be something in the order of 8 per cent, some countries obviously doing better than others.

I might point out that while the Canadian figures are deplorable and, indeed, far too high, OECD statistics indicate that only two countries, the United States and Germany, had lower rates of inflation than Canada in the period up to May, 1977; that is, in the period of the last 12 months or so. So there has been a slow reduction in rates of inflation.

● (1412)

At the summit meeting in London in May of this year certain conclusions were reached which were subsequently confirmed by the larger group in Paris at the end of June. It was understood, as I said earlier, that these structural changes have occurred and that new processes are necessary. Everyone in the OECD group concluded that, unlike previous troubles, we were now facing inflation and high unemployment at the same time. Furthermore, there were within the international community significant differences in capacity in terms of coping with such a situation, as well as different problems. The problems of the United States, for example, are vastly different from those of Japan even though, to use a popular expression, we are all in the same boat.

The decision was, therefore, taken at the London meeting that countries with stronger economies would undertake to promote a degree of stimulation, while the less strong countries would, in addition to doing what they could on the stimulation front, seek to bring about a greater degree of stimulation by cutting back on pulic expenditure and in other ways. Six months have passed since those decisions were made. Obviously, the two healthiest economies, judging by the statistics, are those of Japan and Germany, and in each of those cases the countries concerned have, within the last few weeks, announced certain stimulative programs designed to develop additional consumer demand, thereby generating a greater demand for imports and providing assistance to exporting countries whose economies are weaker.

On the other side of the picture, success has not been so easy to achieve. In the field of domestic restraint, country after country has indicated that it is locked into certain levels of expenditure established over many years, and that a sudden withdrawal from a variety of programs would be exceedingly disruptive. It is important to remember, in this fight against inflation on one hand and against unemployment on the other, that unless stimulation is handled with considerable skill it tends to drive up inflation, and that if stabilization is carried out in too restrained a fashion it tends to generate increased unemployment. The assessment made six months after the summit decision is that though there has been movement, it has not been as great as anticipated and that it will be 1978 before there is any real evidence as to the effect of the action taken, for example, within the German and the Japanese economies.

In addition, another phenomenon of our time has emerged, one which is interesting to note and which has far-reaching effects. I refer to the balance of payments on current accounts, particularly that of the United States. This is largely, if not wholly, due to the United States deficit in terms of oil imports. For the most part it is energy-related. The irony of the situation is this: as the United States stimulates its economy, the demand for energy in the country increases; the volume of oil imports must be increased and consequently the balance of payments situation deteriorates. I said this morning, quoting the gentleman from Scandinavia, that the essence of tryanny is the denial of complexity. I imagine few situations could be more complex than the one to which I have just referred.

However, in the area of joint action—the basic theme on which I am reporting to the House today—there are two aspects which are of particular importance to Canada. The first is what we have committed ourselves to doing in the context of the world community in terms of stabilizing our own domestic activities and, indeed, of reducing our own balance of payments deficit to the extent that we can. This, of course, means increasing our productivity.

The word "productivity" has been bandied around in the House and outside for a long time now, and in many respects the debate has been sterile because, first of all, there has been no general agreement between business and labour or between the private and the public sectors as to just what it is we are talking about. The time is certainly ripe for a broad public discussion on the question of productivity. It is not enough simply to proclaim that we need to increase productivity. When a businessman talks about increasing productivity, he usually means there ought to be a reduction in the demands of labour. Labour, on the other hand, tends to suggest it might be brought about if the plant or factory were made more efficient, or equipped with more modern machinery, without realizing that both these things are part of the same equation.

There is a further important consideration. If we wish, as part of the free world, to make this contribution of greater productivity, we have to determine how productivity is to be measured in areas where there are no convenient yardsticks to employ. How, for example, does one measure the productivity of a nurse, a teacher or of workers in a whole range of occupations within what is described as the service industries. Only when one takes the total figure for the national economy as a whole at the end of the year can one assess a general measure of productivity reflected, of course, in the level of growth of related industries. But until we can compare many areas starting from the same base of understanding—one which so far we do not have—we shall be faced with enormous problems when attempting to decide how a credit for productivity increase is to be distributed.

If, for example, a worker in a highly mechanized industry such as woodworking can show a 15 per cent productivity increase, ought the credit to go exclusively to that worker, or should some of it be reserved for those who support him in the service industries but whose productivity it is not possible to measure? I mention this to show that the argument on productivity will not get us very far unless there is agreement as to the basis on which we are going to take our measurements.

All this aside, there is no question that Canada must take all the steps at its disposal to improve its export position and to ensure that our competitiveness is sustained. And these are principally for the private sector. I might point out in this connection that the value of the Canadian dollar is an important element, though let me hasten to add, parenthetically, it does create serious problems in terms of levels of imports brought into the country. That, surely, is not a source of argument. However, it does have a serious effect on the balance of payments, and the more we can do to generate import replacements in Canada, the better it is for us.

● (1422)

Having said that, it brings me to another of the dilemmas which we are going to face as we work our way, as a free world community, out of the present circumstances. I refer to the approach that not only we but other countries are going to take to the whole question of the present round of multinational and multilateral tariff negotiations. The last three or four days in this House have demonstrated very vividly and very clearly how very little below the surface is the instinct for protectionism and the tendency toward protectionism. Of course, that is an understandable and a natural situation and we should not try to hide the reality of the problem that it reflects.

Clearly, even though Canadians are among the most generous people in the world when it comes to assisting the Third World, it is natural to react when imports from certain countries are below the cost at which they can be produced in Canada and, therefore, become a threat to Canadian employment and to the Canadian economy. We see it often in textiles and shoes. We are today hearing about it in terms of primary industry. Therefore, the job before us—which, incidentally, is one involving the whole community and not simply either the government or parliament—is to devise a tariff structure which will to the maximum extent possible allow us to take the greatest advantage of, for instance, our mining industry and various other industries where we have an obvious and a built-in advantage.

But let me caution the House, if that is necessary—or perhaps a better way of putting it would be to remind the House—that we, of all countries, must be extremely careful of protectionism. The old adage that every action brings a reaction is never more true than it is in the case of Canada. We have already seen, in terms of some of our comparatively limited actions, for instance vis-à-vis the United States, what kinds of opposition that can generate.

I was interested this morning to hear someone comment on certain countries to which we are providing various forms of aid in regard to textiles. May I remind the House that our largest single customer for wheat, for instance, is the People's Republic of China, which is also a country very interested in selling some of its products, including textiles, to Canada. So that the question we have to ask ourselves is: How can we

ensure an adequate degree of protection, on the one hand, without blocking ourselves from access to exports, on the other?

Those who talk about helping the depressed areas of the country, but who at the same time talk about moving toward greater protection, should recall that in my province of Newfoundland, for instance—indeed, in the whole Atlantic region—at the very least the advantages of the 200-mile limit and the new developments that we are going to achieve in the fishing industry as a result can be thwarted overnight unless the multilateral tariff negotiations proceed smoothly and we get greater access for these additional fish products into the various markets which right now many people are advocating we ought to penalize in some way.

There are literally hundreds of those kinds of examples. That is why the multilateral tariff negotiations are going to be difficult for this country. That is why it is going to be of immense importance that on either side of the House we do not seek to achieve very short-range political or other advantage at the grave risk of underming the potential which we must have if we are going to expand both our natural resource base and our manufacturing base.

May I remind the House very briefly that Canada is unique in a number of respects, but particularly in this one which is very rarely stated. The United States is one of our markets and comprises over 200 million people. The European Economic Community has come together and consists of over 300 million people. The ASEAN countries of Southeast Asia now represent what is coming to be a trading bloc, which again has over 200 million people. Canada is the only industrialized country of 23 million or 23½ million people which does not have that large trading area in which no tariff considerations, or virtually no tariff considerations, exist. Apart from everything else, unless we can have access on a reasonable basis which gives the maximum assurance possible to our present domestic industry, then economies of scale, production runs and various things of this sort will put us at a decided disadvantage, even if we are successful in the tariff package which we achieve.

I see my time is very nearly up, Mr. Speaker, and I have barely scratched the surface. I would invite hon. members, either at a special session of the committee or through debates here if these can be arranged, to address these particular matters. I give them my assurance of total access to whatever information is necessary in order to make that debate meaningful; because there is nothing, in my judgment, that is more important, not just for 10 or 15 years from now but for the very near future, than how we cope with these particular problems.

If I may have one more minute, Mr. Speaker, I want to say something about the argument that is frequently presented here, that you can in some way or other separate the national unity question from the economic question. My experience around the world tells me that this is quite impossible.

[Mr. Jamieson.]

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the minister that his allotted time has expired. He may continue with unanimous consent.

Mr. Baker (Grenville-Carleton): Mr. Speaker, we agree that the minister continue.

Some hon. Members: Continue.

The Acting Speaker (Mr. Turner): The Secretary of State for External Affairs.

Mr. Jamieson: Mr. Speaker, I appreciate the courtesy of hon. members and I assure them that I will not abuse it. In addition to the matters to which I have referred, and in relation to international co-operation an enormous amount depends upon how Canada is perceived by the rest of the world, and particularly how it is perceived by foreign investors. We have all conceded, whatever our ideology in regard to foreign ownership, that Canada is going to need large amounts of foreign capital if it is to be able to develop and to prosper. Therefore, this question of Canada's future, of its national unity, is hovering now over a tremendous range of decisions.

Regardless of the country one visits, regardless of the number of economists to whom one speaks, or the bankers, if hon. members are in Switzerland, Paris or New York then I will set it up for them. I will set it up for the government of Quebec, because if they think this is not true, then they are deluding themselves; they have their heads in the sand. Clearly, no one is going to undertake massive capital investments at the present time unless there is more clarity as to what the future is going to be, particularly in the province of Quebec. But it is also of concern to the rest of us in Canada because it spills over into every other part of this country. Therefore, to say we can fix up the economic conditions first and then deal with national unity is to oversimplify it; the two are inextricably linked.

I have one final comment. I know this is a time in this country when we are prone to breast-beat and to be depressed and concerned about our future. But the good fortune I have had through the opportunity the House has given me to be the representative of Canada around the world has put me in touch with at least 100 leaders in the last 12 months. Having listened to the problems they have—and I wish each member here had the opportunity to do so—whatever our difficulties may be in this country, if I had the chance to swap the problems of any country in the world for those we have in Canada, I would take back my own, our own; and I think you would, too, Mr. Speaker.

Mr. Blackburn: Mr. Speaker, would the minister permit a question at this point?

The Acting Speaker (Mr. Turner): Order, please. Due to the fact that the minister's time has expired, we need the unanimous consent of the House for the hon. member for Brant (Mr. Blackburn) to ask the minister a question. Does the hon. member for Brant have unanimous consent?

Some hon. Members: Agreed.

Mr. Blackburn: Mr. Speaker, I should like to thank my colleagues for giving me this opportunity. I have one brief question. A few moments ago the minister referred to the fact that Canada did not belong to any major trading bloc in the world. He made reference to the European Economic Community, to the new ASEAN community, and so on. I should like to ask the minister whether he thinks, in his own judgment, it would be to our economic, financial and material benefit to enter into a customs union or economic union with the United States.

● (1432)

Mr. Jamieson: Mr. Speaker, I do not think that in one minute I could answer that very big question. However, I think the short answer is no. On the other hand, I emphasize what I said earlier, namely, that we can achieve much better access for our products in the United States through these multilateral tariff negotiations. The alternative to that is to see the tariff become less and less significant for the large manufacturer with the long-run production line in the United States who may very well be able to leap over the tariff barriers and, therefore, would have no disposition to establish here in Canada. That is quite an inadequate answer to a very big question which at some point I hope we can discuss in detail in this House. I am opposed to it.

[*Translation*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I want with my colleagues to congratulate the mover and the seconder of the Address in Reply to the Speech from the Throne and before I begin my speech I want this afternoon to pay tribute to one of my greatest friends in Canadian politics who died Saturday morning, Gaétan Mireault of Sutton, Quebec. Wounded during World War II, he was sergeant-major of Paul Sauvé's regiment, who became premier of my province, and he was my organizer-in-chief for eight elections. He was a great Canadian, a great soldier during World War II, a great soldier in peace time for his country. I want to pay tribute to my great friend, a great Canadian who has among his friends several Liberals.

[*English*]

Mr. Speaker, before I get into my actual speech, I think everyone in this House, be he Liberal, Progressive Conservative, Social Credit or New Democrat, does not have a chance to pay tribute to those foot soldiers at the grassroots level who make it possible for us to be here. I know all 260-odd of us have foot soldiers back in our constituencies who do the hard, day to day work in the political game and get very little credit for it.

On Saturday, my organizer-in-chief, Gaétan Mireault, of Sutton, died at the age of 58. He was Paul Sauvé's regimental sergeant-major during the Second World War. As I said a few moments ago in the other official language, he counted many good Liberals among his friends. He thought the political process was very, very important, so he fought for the party of his choice and for his country in peacetime, as he was a great soldier in wartime. Far too often we do not talk in this House about our foot soldiers and our friends at the grass roots level. I should like to pause very briefly and pay tribute to my greatest friend in politics who fought side by side with me for eight federal elections. I should like to bring the attention of the House to this fact.

[*Translation*]

I was in complete agreement with the Secretary of State for External Affairs (Mr. Jamieson) when he said earlier that the matters of the Canadian economy could not be separate from the matters relating, say, to the constitution and national unity. Even now we are faced with important questions related *inter alia* to the Canadian economy. The Secretary of State for External Affairs said that he is greatly involved among other things in the issue of national unity and the constitution—what I call the third option for today's Canada. This afternoon I want to discuss briefly what I have been saying for nearly 12 years inside and outside this House, and that is the need for us Canadians to write a modern constitution for modern times.

As I have often noted both here and outside the House, I am firmly convinced that it is time to prepare a modern constitution adapted to the needs of modern time, a constitution written in Canada, by Canadians and for Canadians.

Mr. Speaker, the development of this constitution could be done over two years. The first year, the federal government would establish a parliamentary committee on constitution with representatives of all parties. The provincial governments would do the same. Mr. Speaker, during the year, meetings could be held between the federal committee and each provincial committee. The second year, a federal-provincial commission including representatives of all political parties in the House of Commons and the provincial legislative assemblies would develop a new constitution.

I repeat, Mr. Speaker, that this will not be easy. We will need extraordinary perception and political sense, a lot of courage, of imagination, hard work and the will to preserve Canadian unity. To ensure prosperity in Canada and unity of the country, we must make every effort to find an acceptable compromise between status quo and separatism. In my opinion, Mr. Speaker, this is an interesting challenge which should stimulate us. It is no longer possible to have political confrontations to obtain short-term gains. Canada is more important than a political party, whatever it may be.

An hon. Member: Separatist!

Mr. Grafftey: That is not very bright. I thought you were more intelligent. You are perhaps a bit tired this afternoon. You say that I am for separatism. Are you making a statement or asking me a question?

[*English*]

In discussing the need for the right hon. Prime Minister (Mr. Trudeau) to form an all-party constitutional committee of this House made up in proportion to party representation in the House, the Prime Minister must let the elected representatives of the people in on the constitutional debate. After all, the Fathers of Confederation were all elected public officials,

meeting with their counterparts in the various regions of this country. Task forces of appointed people are one thing, but in the best and truest sense of the word, constitutional documents are political documents.

In searching for an acceptable third option between status quo federalism and the separatist option of Mr. Lévesque, the Prime Minister must, without delay, establish an all-party parliamentary constitutional committee of this House of Commons. As I said in the other official language, it is my hope that our provincial counterparts will do the same thing. Also, it is my hope that during the first year after the establishment of such a committee we can meet with our provincial counterparts in provincial capitals from one end of this country to the other, and in the second year we will sit down and draft a modern constitution suited to modern times, made by Canadians for Canadians here in Canada. The whole operation will be more than just symbolism. It will create the cement in which we can get this union back on the road. It will not be easy. It will require statesmanship, hard work, guts and imagination. But the time to get going is now; we cannot tolerate further delay.

I appeal to the Prime Minister, and I say this perhaps advisedly, who at times has not shown too much respect for the pith and substance, the centrifugal aspects of the elective system, to let the elected representatives of the people in on the constitutional debate, if he wants to have that kind of profound and all-embracing consensus which will bring this country together. It is obvious that with the representation on his side of the House from the province of Quebec, and with our representation this side of the House largely from western Canada, it is important to inject this note of bipartisanship into such an important debate.

● (1442)

I heard the Prime Minister suggest a federal referendum. Quite frankly, I have not consulted other members of my party on this, but it is my reaction—and in this debate we are talking as Canadians, rather than as party people—that we should be very careful with that federal referendum. We must be very careful that we are not playing Lévesque's game. Possibly no province has the unilateral right to separate, and if we admit the principle that referendums can divide and bring this country to an end—which I do not admit—we are falling into a trap.

So I say to the Prime Minister, go very easy on admitting the validity of any referendum, be it provincial or federal, in this whole national unity debate. It is no idle threat when I say that for many Canadians, particularly in my part of the world, separation will become an increasingly viable option and those who defend the federal status quo continue to support separation blindly.

I have thought about this for a long, long time. I know that national unity is indivisible, but I think it is true to say that those of us who live in my part of the world are living with this thing day by day. Frankly, I myself am not satisfied with status quo federalism, and for many reasons. In my view,

[Mr. Grafftey.]

much more is involved than language, culture and the so-called Quebec question. Ottawa no longer responds to legitimate regional needs from coast to coast. After 1958 and during my first year in Ottawa, I was appalled at the waste, duplication and buck-passing which went on between different levels of government. Action on gut economic and social issues was, and is, being shelved because of the irresponsible handling of these issues within an outmoded constitutional framework.

As examples, I think of housing, the humane delivery of medical and health care services, urban renewal, public transit, job creation, and the rest. How can I tell my constituents, be they French or English-speaking, that contemporary federalism is working, when in many instances in their home towns they are faced with staggering unemployment rates of well over 18 per cent and galloping inflation of well over 10 per cent?

Far too many federalists who are defending the status quo feel that the provinces can be strong only at the expense of a strong federal authority. I have never understood this argument. Perhaps it is true within the present constitutional framework that needs immediate changing, but I do not believe it would be the case under a new, modern constitution drafted within the next two years, made in Canada by Canadians and for Canadians right here. Modern constitutional objectives should underline and encourage strong federal and provincial powers within their respective jurisdictions. Can we expect less? If I have oversimplified the issue, I would like to hear from individual members in this debate before it is too late. I repeat, can we expect less? In view of the present situation, where we have escalation of confrontation between the Prime Minister of Canada and a provincial premier from my province, can we have a continuation of this debate, confrontation and escalation while the economy goes down the drain? I say no, and the time for action is now.

When we analyse federalism in other parts of the world, sometimes we erroneously attempt to make analogies and comparisons, but one which is close at hand historically and geographically has some pertinent relevance. In the United States, after the Declaration of Independence was signed, the first constitutional document was the Articles of Confederation. It proved too weak to hold the union together and a big second step had to be taken before the present constitution was finally drafted and became operative in Washington.

In 1867, the Fathers of Confederation were all elected public officials. There was no task force of defeated members of parliament or of retired premiers. There was no task force going from coast to coast without any elective responsibility to the people. The Fathers of Confederation were elected public officials back in 1867, but it was impossible for them to envisage all the changes which would take place within the next 110 years. Unfortunately for many status quo federalists, the fear of change causes them to resort to irrational words in defence of the status quo, and thus confrontation and escalation, while the country becomes more and more divided and the economy becomes more and more paralysed.

I understand much of what the Secretary of State for External Affairs (Mr. Jamieson) was saying, but there is far too much buck-passing in this country. When the economy is going down the drain and we are dividing much more than we should be, it is not very comforting to individual Canadians to be asked to look at other countries around the world. I remember, when I was in school, when everybody was flunking exams it was because they did not study for them. It was very cool comfort for me to go home to my father and tell him that I flunked my exam, but that that was all right because the other fellows did not study either; they all flunked.

We are the luckiest people in the world. Very often Canada reminds me of a company I had something to do with. I asked one of the members of the board of directors whether it was a good company, and he said, "Hell, Heward, it has survived 25 years of successive mismanagement". Let us not take comfort by saying that everybody is in the same boat with us. We are blessed with many things and we could be doing one heck of a lot better than we are. I hope those on the treasury benches will convince the Prime Minister that the time has come to let elected people from both sides of the House dialogue with their counterparts at the provincial level as we bring this new constitution to pass.

The Fathers of Confederation of 110 years ago would be the first to tell us in this House to get on with a big second step as they did in the United States. They did not freeze the Articles of Confederation in a museum, as we have done with the British North America Act. Are we up to this challenge? We had better be. Have we the will to preserve the union?

Let us stop talking about this referendum nonsense. The Prime Minister pulled this referendum idea out of a hat, and I am not convinced that we will ever have a referendum in the province of Quebec. I repeat for the second, third or fourth time, who in this House will admit that any kind of referendum, be it provincial or federal, can be an instrument to bring this union to an end? If we carry this kind of confrontation to its logical consequences, do we know what those consequences will be? Do I need to say?

Let us start talking common sense in this debate. I am not afraid to stand up—and I will say it in French and in English—and say that no province has the unilateral right to bring this union to an end. I would like to hear the Prime Minister say the same thing and forget about this referendum nonsense. I am very doubtful about the efficacy of referendums in the whole tradition of the parliamentary system, in the first place. I well remember 12 years ago when inside and outside this House I pleaded, not because of language and culture issues or because of the so-called Quebec issue but because of my experience in the four years between 1958 and 1962. I was appalled. If the average Canadian could come to Ottawa and see the waste, the buck-passing and the duplication—not of a few dollars but of billions of dollars, and not because of languages but because of our outmoded constitutional framework—he would surely push us to get on with the job. I had many extremely interesting conversations in those days, upstairs in the cafeteria, with the then new member for Mount Royal, now the Prime Minister, who had the ear of the then prime minister, Right Hon. Lester B. Pearson.

● (1452)

As we debated those matters 12 years ago, I took the position that the time had come do draft a modern constitution, suited to modern times and made in Canada for Canadians by Canadians. It was good debate, although he did not agree with me for all kinds of reasons. First of all, there was the classic notion that any weakening of the federal authority would diminish the possibility of putting on paper the kind of plans he had for Canada. I did not agree with him. But what has happened in the past ten years is there for everybody to see; I am not going to make any partisan interjections about that.

About a year later, a man called Lévesque was driven from the Liberal party. He went to Toronto to make a speech, which I heard. He proposed what I thought was a modern outlook, a new federalism, when he said that if the then government and its successors stubbornly held on to the status quo, he would unfortunately be forced into another option. I am not going to be naive and say he was not going into that other option anyway. What I do say is that 12 years later a lot of people inside and outside Quebec deplore separatism and the separatist option. I do not want to use phrases like "cave in," "give in" and "back down", but unless we can be led by some statesmen who understand what the third option is, in terms of drafting a new constitution, this blind following of the status quo will drive more and more Canadians to accepting the separatist option.

Children who go to an ice-cream store for chocolate ice-cream are willing to accept a second option if the store does not have chocolate ice-cream. When we talk about the future of the country and the provinces, however, it is another thing. The blind faith underlining of status quo federalism cannot go on indefinitely without something cracking. I am not just talking to leaders of political parties, but to every member of parliament, of all political parties, when I ask if we have the guts, the muscle, the clairvoyance, the statesmanship to preserve this union. Are there enough statesmen with muscle, imagination and courage who are ready to go to work?

I do not think the next two years is going to be easy for the parliamentary committees. It is going to take a lot of guts, hard work and give and take. The Fathers of Confederation had fewer tools of convenience than we, but they had the guts, the muscle, and were forward-looking. In this House, most members are Canadians first and party people after. Let us go to work. We can do it, but time is fast running out. The hour for action and leadership in this great country has finally arrived. I do not think, sir, that time is on our side.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, it is not seven years since the last public statement on sport. I am pleased that today, having tabled a green discussion paper toward a new national policy on amateur sport, hearings will be held across the nation on amateur sport so that it will be possible for people in every

community to have input, should they wish to, as we forge our directions and goals into the 1980s.

Canada's accomplishments in sport are often unknown, but that does not diminish them in the slightest. Canadians have, through their own commitment, proved that it is possible to surmount great odds in order to achieve, and achieve in almost every realm of sport. The powerful bond that is forged by sport is recognized on many levels of society both in performance and in mass participation endeavours. There is real joy of effort in seeking personal excellence, as well as enjoying the camaraderie of getting to know others better as we strive toward new plateaus of personal accomplishment.

The sport movement is broadly based, with implications that go far beyond the playing fields, with increasing significance as a tool in the enhancement of both social and health perspectives in a very special way.

Canadians spend $7 billion per year on health care. Over 40 per cent of this cost goes to the overwhelmingly unhealthy lifestyle habits which many people have difficulty changing—habits such as smoking, use of liquor, the licit and illicit use of drugs, nutritional imbalance and physical exercise that is abandoned, to name only a few. As a people we are slowly learning together to change our attitudes and expectations. It is as essential to our physical well-being that we learn a more healthful lifestyle as it is also essential to our economic survival. The two are irrevocably linked together. We have to learn to match reduced expectations to our ability to produce. A radically changing world economy is part and parcel of everything we face today, whether it be sport or national unity.

The main theme of the sport policy formation document set before the House and Canada's sport family today is the scale of the federal role in sport—the structure of sport, its administration, its technical development, its promotion and many other programs. The commitment of this government to sport access is complete. That is the one immutable factor in the paper tabled in this House today. Everything else, I submit, is once again subject to the people. Recognizing that there is federal involvement in sport, the public sector neither can be, nor would want to be, all things to all people. The federal role in sport has, quite naturally, become largely the national and international level of participation. The combination of public funding, lottery revenues from Loto Canada and private funds, is proposed as a means to greater stability in sport endeavours. I expect considerable discussion to take place on this point in the hearing process.

The precept, clearly, is that every Canadian should have equitable access to sport at his or her level of achievement. Certainly, this involves all other levels of government at the community and provincial levels as well where renewed co-operation and consultation can possibly lead to improved accessibility in sport opportunity. Sport at the level of the community and of the provinces is burgeoning just as it is at our level. It is, therefore, essential that we seek together a new means of sharing in sport as in all other attributes of Canadian life.

The mandate at the national level is clear: to assist in providing equitability of sport access in every part of the nation, so that within and between provinces and territories, as far as is practicable, there is a Canadian level of attainment open to every person. This is a national priority and it will only be obtainable through provincial co-operation. But the mandate is not solely here at home. The federal government sees its role as more than just a financier of sports enterprises. Achievement has been made possible by innovations at the national level. Achievement also has been made possible by such systems as a game plan which is a support mechanism including coaching and training access for national athletes and for national teams. A new, developmental coaching school system, in concert with the universities, to develop a national master coach plan through apprenticeship training has been begun, so that Canada will be able to have world-class coaches of its own and not consistently bring coaches from other countries which have had the foresight to train them in advance.

● (1502)

Mr. Alexander: Will this help the Tiger Cats?

Mrs. Campagnolo: I know the hon. gentleman is a well known sport, but we are trying to keep politics out of sport, and sport out of politics, at this moment.

Mr. Alexander: I am still a sport.

Mrs. Campagnolo: In any event, these master coaches will be the first Canadian trained world-class coaches who will assist us in many ways to bring up the certification for which we are looking. Right now, 44 of the sports governing bodies in this country have attained level 1 in coaching certification, 25 have attained both levels 1 and 2, and 14 have moved up to level 3.

Then we have the national sport and recreation administration centre which was established in 1970 and has provided services to the sport and recreation governing bodies in ever greater number. By 1981, we expect to have all the national associations in residence, additional professional personnel in the form of technical directors, and the development of official referees and judges. As well, program administrators will be employed. These have been added to the roster of expertise that is available to the Canadian sports person. We seek new knowledge in sport research and in sport medicine—another area where Canada has famed pioneers. Few people recognize the contribution made to Canadian sport medicine by Dr. R. Tait McKenzie, who is more often recognized for his beautiful statuary than for his significant contribution to sport medicine.

He is the man who discovered, in the trenches of World War I, that it was possible to bring people when they had been injured in the war back from the brink of despair by involving them in physical exercise. I think of Tait McKenzie as being one of those who made it possible for the famous games for the handicapped that take place in Canada at this time. These games are a joy. I hope that every member will go to see them

and will watch a most inspirational form of sport in this country.

We also have what is called S.I.R.C. the first of the national computers in sport analysis. It is the largest and best in the world, the most significant computerized sport and fitness resource centre in the world. Following us in this data centre is East Germany, and following that country is West Germany, just to show us there are accomplishments in the world of sport which are of significance. Our programs for the disadvantaged continue in conjunction with the provinces and other agencies. I have only touched on various items of the present program.

This new Canada of ours has responsibilities beyond our borders, however, and one such responsibility concerns sport relations with South Africa. It is the same South Africa which this week stated it would "show its fist to the world" in answering U.S. President Carter. There has been much discussion of our sports policy concerning Canadian participation in this nation of racial separation. I should like to reiterate, for those who have been concerned about our policy, a very clear and succinct understanding. The government of Canada will not underwrite with public funds, or provide moral support for the participation of Canadians in sporting events involving South Africa, in either South Africa or Canada.

In Third World countries, we consider the good judgment of both Canadian sports people and the host country will prevail in decisions made by them concerning sport contacts with South Africa. Naturally, we reserve the right to be publicly critical of actions which might contravene the spirit of the Commonwealth heads of government accord reached at Gleneagles, Scotland, on June 12, 1977. The Gleneagles compromise, largely spearheaded by our Prime Minister (Mr. Trudeau), put Commonwealth leaders on record as being opposed to sporting contacts of any significance between Commonwealth countries and South Africa. This is a consistent policy of this government, and not just something conjured up to keep next year's Commonwealth's Games at Edmonton on track.

From as early as 1970, Canadian government investments in South Africa have been removed. Canada no longer sells defence goods to South Africa. That is our answer to the heinous social policy of apartheid. There have been politics in sport since well before Athens and Sparta used to seek perfection against each other on the Olympian field, or later when Philip of Macedon was assassinated at the Olympic Games in order that Alexander the Great might succeed him. Politics is an everyday part of life, whether in this historic chamber or in teaching your children a value system which is consistent with your own free beliefs. In turn, sport is part of politics. Our political and economic relations with many countries have been changed for the better by sports people in the sports context. Do any hon. members here think that the head of IOC, Lord Killanin, would be negotiating now to bring China back into the Olympic family if Canada and our Prime Minister had not stood firm and the Prime Minister had not remained adamant on the issue last year of Taiwan's bid to attend the Montreal Olympics?

Some hon. Members: Hear, hear!

Mrs. Campagnolo: It is vitally important that our high performance athletes seek competition against the best. Best on best cannot always be arranged within our borders, but in co-operation with my colleague, the Secretary of State for External Affairs (Mr. Jamieson), it has been increasingly possible for Canadians seeking excellence to compete against top athletes in many nations; and our young people are proving equal to the test, primarily here in the western hemisphere against the United States, Cuba and Mexico, but also in the U.S.S.R., in Japan, in Poland, in Hungary, in West Germany and in East Germany, with growing exchanges with other nations as well. These exchanges do not come easily; they are worked at; they are representations of human contact; they are a very fine example of the Helsinki accord.

More than any other human endeavour, sport has proved over and over again that it is the bridge-builder between peoples, the friend-maker, the ice-breaker. It all starts right here at home on the corner lot; at home where there are hundreds of thousands of devoted volunteers, from Inuvik to Point Pelee and from Newfoundland to the Queen Charlotte Islands, making it possible for everyone who has the inclination to participate, to be able to do so. There are fine facilities from coast to coast in this country, and although it is hard to believe, too many of them are not used as much as they should be. We have only to think back to the Canada Games last August, in St. John's to know that more than Games' records are the achievements of such endeavours.

Every province now has provincial editions of mass participation games. These games are a human achievement. Now we look toward the Arctic Winter Games of March, 1978, at Pine Point and Hay River, Northwest Territories; to the giant undertaking with Alberta, the host province of the Commonwealth Games next August in Edmonton, where our goal is to achieve first place. The national contribution of capital and services to the Commonwealth Games exceeds $40 million from the Canadian people. Alberta will demonstrate the efficiency of their building and budget management and the friendly hospitality of our nation's largest northern city.

Then we will move on to Brandon, Manitoba, in the spring of 1979 for the next edition of the Canada Winter Games; then to the Pan American games, in Puerto Rico also in 1979, where we are aiming for second place; then on to Moscow in 1980 where we hope to exceed our tenth place finish in Montreal, which was a significant leap forward from our average twentieth placing over the last 40 years of Olympiads. Gold medals are not everything. Achievement of excellence of our best selves, is. It is as true in our striving for personal improvement as it is in our striving to become the great nation of our potential.

• (1512)

The goal of this government is to ensure that the athlete, at whatever level of competition, is regarded as a full-functioning, productive member of society. The goal of this government is to see that sport, fitness and recreation is acknowl-

edged by one and all as a full-functioning part of that culture which is Canada. No more the sweaty athlete syndrome. No more the denigration of the athletic scholarship. No more the culture which is divided between artists and athletes. Athletes are artists, and some artists are athletes.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: We are struggling now with a rather difficult economic period in our evolution as a nation. For too long we have been a nation that is top heavy with those who produce only services. Do hon. members know that today only one-tenth of the labour force is literally "carrying the can for Canada?" Do we know that the world is reallocating its trade priorities, that this global economic earthquake is rocking us to the very limits of our ability to pay for those goods and services we all think we cannot live without?

Even so stern a critic of the mining industry as former Premier Barrett of British Columbia, in a speech in my constituency last week made the alarming statement for him and exhorted that resource exploitation must now be undertaken. He was the premier whose deathless words, "leave it in the ground", are still well remembered in my province and are still ringing in the ears of others, in reference to minerals. Competition in copper from Chile is overwhelming. The attack in zinc, nickel and other metals is hurting our nation. All this reminds members that it is the primary producers of this country, the loggers, the miners, the fishermen and the agricultural producers who are so pitifully few in number, who literally support the rest of us.

The contribution made in Canada by the resource producers to the welfare of this country of ours is gigantic. We will together seek means of weathering this earthquake of the economy so that Canada can turn the corner once again to prosperity. However, in my opinion there will never again be the profits which were reaped so effortlessly in the fifties. They will not be realized in our time. I believe that in order to survive, we must be willing to make sure that not only do we survive, but the rest of the world as well.

I could not enter this debate on the Speech from the Throne without talking about reconfederation. There should be no losers in confederation. Our building of unity must be based on real values, not stereotyped ones. As long as one deals in stereotypes, tolerance and understanding are impossible. It is on the real and intrinsic value of each citizen that the strength of a nation can be reinforced.

We are the second largest nation in the world; our geography is overpowering. It has at times intimidated us as a people and it has deterred us from knowing our fellow citizens intimately. Until the banding of our nation by rail and by road, by radio and by television—and the task is still incomplete—we could perhaps afford the luxury of not knowing each other. No more. That which other nations may perceive as an economic burden of transportation and communication, we know to be a social necessity, linking together our people in a federation that takes into account our differences and our regional and geographic inequities.

When I came to Ottawa, I was often perplexed by continued reference to our country's five regions. My consciousness as a northwesterner turned the large end of the telescope on our own differentials and needs and, naturally, my five choices were, the Atlantic, central Canada, the prairies, British Columbia and the north. But here in Ottawa a central viewpoint from our national telescope showed the same malaise I had had, as I heard the regions solemnly named, B.C., the west, Ontario, Quebec and the Atlantic, half an hour later in Newfoundland, with the north, if perceived at all, seen through the wrong end of the telescope by most everyday Canadians. This distortion, this telescopic myopia, is perhaps unavoidable in a nation where London, Ontario, is closer to London, England, than it is to Old Crow, and where it is cheaper to fly to Hawaii or the Caribbean for a winter holiday than it is to travel from Prince Rupert, my home, to our nation's capital.

Inevitably, there are forces, fed by the unique aspects of each region, which exert pressures on them to pull apart from the rest of the country. These pressures were what we overcame to create this Canada of ours. We must continue, both to respond to the pressure points and to resolve the legitimate grievances they spawn, in order to maintain and to improve the unity that we won through such effort over the last century. But we must address the issue on the basis of a united nation, not on the basis of six regions, each seeking to gain a better deal at the expense of the rest. "Balance-sheet" confederation has never worked, and it never will.

If we succumb to the forces that pull our regions apart, and neglect those that bind us together, we may well become, like Pirandello's characters, six regions in search of a nation, or like the blind people describing an elephant, with each defining, however he or she pleases, his or her own part of the beast, and with the additional burden of a tacit agreement that no line be crossed, that each remain within his or her own region and not "meddle" in the others' territory, while each seeks ever greater power and favour for that region.

It was this type of regionalism that led the premier of British Columbia to say, in 1872, when that province was still smarting over what were felt to be the inequitable terms of the Act of Union:

> I would not object to a little revolution . . . if after confederation we were treated unfairly.

This quote is from a truly unusual man, but perhaps an archetypal Canadian, a man from Nova Scotia, by way of California, named Bill Smith who so fell in love with the west that he changed his name to Amor de Cosmos, "lover of the Universe". But did his universal love include Canada? Looking backward in time it appears to be "cupboard-love" to me. But surely Amor de Cosmos was not alone then, and would not be so now, within confederation.

Small revolutions? There have been many of them. In fact, we are now in a time when psychologically we are six giant regions and numberless special interest groups waging small revolutions, based on sometimes real and sometimes suspected grievances that reflect the new reality in confederation. One hundred and ten years ago we were 4½ million people huddled

around the pivot points of Upper and Lower Canada like winterchilled children around a bonfire.

The fires are banked now and stretch from Newfoundland to the Queen Charlotte Islands, but our constitution remains geared to the bonfire rather than the solar cell. Unless collectively we have the wisdom to perceive the nature of a just and equitable reconfederation and to work continuously toward that goal, we will become fragmented into cultural, ethnic, linguistic, economic and geographic ghettos where regional self-interest, and "What's in it for me?" federalism saps the strength of our national union.

Listen to another British Columbia of early day, a "rentable federalist" of the same era as de Cosmos, John Helmcken, who on conversion to confederation several years after the Act of Union in 1871 said, "Love for Canada had to be acquired by the prosperity of the country and through our children."

"A Canadian is a Canadian, is a Canadian", the Prime Minister said shortly after Quebec made known its intention to secede from Canada. But who is this new Canadian? What is this larger Canada? We are a people who founded ourselves on an indigenous culture which we are only now coming to appreciate. The native people of Canada can teach us love of land and the warmth of sharing in a society that depends on each other in a co-operative manner. We are an officially bilingual nation, which does not mean every citizen must speak both English and French, but that every Canadian must be able to address the national government in his or her official language.

This government, unlike the opposition, does not regard language as a "divisive" force, but strongly and adamantly follows a policy of freedom of choice, genuine freedom of language choice as the only sensible policy. Canadians, too, are a polyethnic society where the best of each culture and of the past is nurtured and husbanded with devotion and retained as part of the fabric of this new Canada. Canada is a promise to the world. If we, with all our regional inequities, racial and cultural differences and political estrangements, can pull this grand diversity into an even greater nation, we shall have set the pattern for a global community that must inevitably follow.

● (1522)

Twenty-five years ago, in Prince Rupert, Prime Minister Louis St. Laurent said: "We shall never have real peace until the whole world becomes one large, good neighbourhood in which all men and women respect the rights of others and work together for the common good." We must remember that all men are our neighbours. As we, together, engage in this battle for our nation's future, I cannot ignore the heroic fight of the Fathers of Confederation 110 years ago to bring Canada into being. Some of their words still ring true today. I should like to quote from a speech made by Thomas D'Arcy McGee in Halifax in 1894. He said: "Who will oppose? Who are now opposed to the union? Only those who have a vested interest in their own insignificance." As a British Columbian, I say to Quebec:

[*Translation*]

Your presence is not without value for the future of our country. You are essential to its life and your presence is of absolute necessity.

[*English*]

Each person in this nation is the mother or the father of a new federation—a new and better Canada for all.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I welcome the opportunity to join in the debate on the Speech from the Throne. If the subject of part of my remarks is parochial, it is with justification. The federal government and the provincial government of British Columbia signed, in June of this year, a series of agreements. Indeed, two substantial agreements were signed under the DREE program, one dealing with industry and the other with agriculture.

It is interesting to note that in the subagreements, according to the terms of reference laid down by the governments themselves under the general development agreement for British Columbia, attention was paid to two or three areas which are closely spelled out. These areas which are singled out for special assistance are the northwest portion of British Columbia and the northeast portion of British Columbia. I have no quarrel with that; indeed, I think it is most commendable. But it is also interesting to note that the one area which is clearly identified in the agreement, but which has been totally ignored in terms of special consideration, is Kootenay West.

I must say that reading the industrial agreement I was amused and more than a little frustrated at the minister's definition of "small business". I know he is prepared to provide as a loan or a grant—it amounts to the same thing, because it is forgiveable—some $30,000 on the basis that the capital investment of the person making application for the money does not exceed $60,000. I would ask the minister responsible for small business, if he were in the House today—I see that his predecessor is here—whether, in his opinion, the $60,000 limit on capital investment can be considered to qualify under the definition this government has of small business. I am curious to know what, according to the colourful imagination of this government, $60,000 is going to accomplish. I suggest a person would have difficulty in establishing a Dixie Lee outlet or a Colonel Sander's chicken-stand with that amount of money, at today's equipment prices.

However, it is some comfort to us to learn that the Liberal caucus is visiting Kootenay West this weekend. I am encouraged by this, because as a result members may have an opportunity to grasp the problems they have ignored for the last 40 years. Perhaps they will learn for themselves about the rape they have imposed on Kootenay West with their Columbia River treaty. Perhaps they will get to understand the problems of Castlegar. Perhaps they will sit down with Audrey Moore. I hope they do. Perhaps they will ask her what she thinks of the DREE program and the amount of assistance likely to be forthcoming for Castlegar which is suffering from a serious water shortage.

The government has told us it is seriously concerned about unemployment and that it wishes to support measures taken by industry to increase employment. Castlegar has within its borders a provincially-owned pulp mill and sawmill. This complex is now to undergo a $7 million expansion, which means additional jobs. However, there is no place where the workers may live, because any new homes which may be constructed in Castlegar today are built on the understanding that they will not have a water hook-up. The problem is that Castlegar, at the confluence of the Kootenay and Columbia Rivers, has to rely on wells in its own subsoil, and because of geographical configuration those wells do not draw water from the Columbia River system. They are wells whose content is highly alkaline. Instead of the soft, clean water which lies above the Keenleyside dam, the residents of Castlegar must put up with this system.

I urged the minister responsible for DREE to consider a subagreement similar to the one drafted for Fort Nelson, involving $3 million or $4 million—$7 million, as it was with Fort Nelson—federally, provincially and municipally shared. That plea fell on indifferent ears. They said, "We are coming up with a new industrial and rural agreement, and surely within this context there will be something for Castlegar". Officials of DREE have advised me that as far as they can determine, there is nothing in the terms of the subagreements which affects the city of Castlegar, even though there is a less than adequate supply of water through the hydrants for fire fighting: 50 per cent of the fire hydrants register less than 50 per cent of the required pressure.

Hon. members are aware, as is the minister responsible for DREE, that the Cominco plant in Trail is in process of a $435 million expansion program. That is more money than the federal government has ever spent in the riding in the history of Kootenay West. Here again, more jobs are being created and there is a need for housing. Because of its geographical position, there is no more room in Trail for houses to be built, so people are looking to Castlegar to provide the accommodation they need. The problem, of course, is that if they move to Castlegar, since no water supply is available they cannot build houses. If the government is going to put its money where its mouth is, if the government is truly concerned about employment and about human values in British Columbia, then when government members visit my riding of Kootenay West this should be the very first issue to which they address themselves.

● (1532)

One of the things I have discovered, to my despair, during the short interval I have been a member of parliament is the lack of social conscience on the part of the government. It really is not entirely the fault of government parliamentarians. Clearly, in my view, ministers fail to get the message across to senior civil servants, who have established their own little empires, that there is need for a heart and for sensitivity in government. How many members, Liberal, Conservative or NDP, have appealed to the minister of health in the past and said, "Mr. Minister, I have a senior citizen in my riding who has paid into the Canada Pension Plan for a number of years, and when he applied for his old age pension he thought he was applying also for his CPP. After three months without his cheque, he discovered his mistake, and he is now asking to apply for his rightful benefits under the CPP and for the three or four months' lag in benefits which he missed because of his own ignorance"?

It is only recently that the minister, due to pressure from members on both sides, has at last amended the act to make provision for such cases. However, how many senior citizens have been robbed—there is no other word for it—of their Canada pension for a period of months? Because it was engraved in stone in some ridiculous government regulation, the minister was determined to stick to the book. How very unfortunate for Canadians. That is only one example, Mr. Speaker, of many in which the government has demonstrated its total lack of feeling.

If I had an opportunity to sit down quietly with some of my constituents, or indeed with all Canadians, I would say to them that one of the biggest frustrations I have today, as a member of parliament, is that some members of parliament have been dishonest and have deceived Canadians; that this government has on occasion demonstrated what can only be called corruption; that the government and its members sitting opposite, when confronted with evidence of corruption, of lying, of deceit and dishonesty, have jeered, hooted, howled, smiled and grinned at those who have with justification levelled charges.

Surely, Mr. Speaker, there are among us some who have a conscience. I find it very disturbing that a member would not accept with a great measure of seriousness the charges which I have heard levelled in the House in the past. But rather than accept those charges seriously, rather than expressing concern, they adopt a united front—the big grin, the deceitful laugh. I think Canadians are going to wake up somewhere down the line and realize just how dishonest this government has been, in terms of its dealings with the people.

So many examples have been raised before in the House of government arrogance, of the pork-barrel system. The Liberals laugh it off. What disturbs me most is that Canadians do not rise up in their anger and frustration and let the government know what they think of the blatant pork-barrelling of this government. One of the most laughable instances is the government's decentralization program. Let me refer to a Conservative riding, Cape Breton. One of the most laughable decisions of the government has to be the movement of the passport mailing office to Cape Breton. Quite frankly, I have advised my female constituents that the minute they give birth to a son or daughter they should consider making application for a passport, because it might just arrive at the same time as puberty of the child.

If you review, Mr. Speaker, the last round of pork-barrelling, you will notice that the President of the Privy Council (Mr. MacEachen), our Deputy Prime Minister, received a hand-out in terms of public service decentralization. The community involved is Antigonish. Then the Postmaster General (Mr. Blais) received some goodies for North Bay. The Speaker of the House had some goodies for Sudbury—and God knows

they need them right now. Then we have the Minister of Transport (Mr. Lang) whose riding of Saskatoon also benefited. This brings me to the Minister of Industry, Trade and Commerce (Mr. Horner), that corn-fed youth of the west. I can just imagine what the farmers are saying, as they thump across the fields in their tractors at this time of the year, about the grain exchange, or the Wheat Board, or whatever it is, that has gone to Camrose. Does this government really think that that is going to buy some votes? If they really believe that, let me tell them they are in for a very rude and serious awakening.

Then we must not forget our new Minister of State (Environment (Mr. Marchand)) and the goodies for Kamloops, B.C. The minister of Indian Affairs has received a hand-out for Peterborough. Then there is the allocation for Thunder Bay, represented by the President of the Treasury Board (Mr. Andras), which has enormous unemployment of, I think, about 2.5 per cent. Then, of course, we have the parliamentary secretary from Thunder Bay, the parliamentary secretary from Sherbrooke, Quebec, and on and on it goes. The list is nauseating and is a condemnation of the system with which we are saddled at this time. Yet hon. members opposite sit there and laugh and grin. They should hang their heads in shame.

Since October of 1974, which is not that long ago, I have sat in this House and listened to the charges laid in connection with Sky Shops. I have seen the emasculation of the standing committee dealing with Polysar and AECL, the failure to disclose the truth, the fear to disclose the facts. I have seen the "dial-a-judge" affair go through the House, and the cabinet resignation which resulted. There has been the contempt of court by the Minister of State for Urban Affairs (Mr. Ouellet), and the travel agents and Air Canada question. The principal secretary of the Prime Minister found himself conveniently promoted to the Senate, thereby avoiding the necessity of answering questions on the order paper.

Then there was, more recently, the uranium cartel, in which we now find that champion of truth and justice moving forward to the television sets of Canada and telling the people that the Minister of Consumer and Corporate Affairs (Mr. Allmand) has come to their rescue, that he is going to hold an inquiry and that the government is going to examine itself. It is going to test its own integrity, Mr. Speaker. It is like a patient with a long-standing disease making a self-diagnosis. This self-diagnosis would be without the benefit of any outside impartial analysis. Let me assist in the diagnosis. The first thing we would find in the victim is a hardening of the policy arteries of this government. We would find a cerebral atrophy of ideas. We would find an emphysema of rhetoric, a social disease of arrogance, a pox of corruption, and tunnel vision of ideas.

● (1542)

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Carry on, doctor.

Mr. Brisco: The Prime Minister (Mr. Trudeau) went across this nation in 1974 and told Canada that everything was fine, that we had nothing to worry about, that the federal government was now addressing itself to one of our major national concerns and that a whole new transportation policy would be evolved. Where is the transportation policy? I suspect it is probably residing somewhere at the bottom of the St. Lawrence Seaway, or in Hamilton harbour with the rest of the scandal.

The Prime Minister assured Canadians that the hon. member for Halifax (Mr. Stanfield), the then leader of the opposition, was woolly-headed in his thinking in terms of an economic policy for Canada, and that this idea of prices and incomes control was something abhorrent. It was just as serious as the social disease from which this government now suffers. Yet what do we have. We have a government which has saddled Canada with a prices and incomes control system far removed from the concept advanced by the hon. member for Halifax. There is no comparison. It is nothing short of an economic disaster. It demonstrated most of all that the Prime Minister, that renowned athlete who was going to wrestle inflation to the ground on God knows how many occasions—

Mr. Railton: Watch your language.

Mr. Brisco: I can give you a few medical terms. That renowned athlete suffered from a hernia and introduced prices and incomes control after telling Canadians that it would never be done by a Liberal government. What Canadians lost when they elected a Liberal government, when they believed in their Prime Minister and his deceit, was a man of integrity and basic honesty.

Some hon. Members: Hear, hear!

Mr. Brisco: They won a performer on television. They won a man with a convincing tongue. They won a House full of Liberals who at every challenge to their honesty and integrity sit there and grin and laugh up their sleeves.

An hon. Member: Right on.

Mr. Brisco: They won a foghorn for a minister representing Canadian farmers. The Minister of Finance (Mr. Chrétien) has now assured Canadians that all will be right with unemployment and that the government will throw $150 million into Canada Works. Riding after riding has submitted, for approval, Canada Works' applications. They have rejected some and are unable to fund others. Whether it is called Canada Works or a rose by any other name, we will probably see that those frivolous projects which should never be funded will be, in fact, funded.

If this is the minister's proposal, there will be no frivolous applications coming from Kootenay West. You can keep your dirty money. I would rather see that money advanced to solve the problems within Kootenay West in terms of the community of Castlegar and its water supply.

Mr. Whelan: Oh, oh!

Mr. Brisco: Mr. Speaker, does the Minister of Agriculture (Mr. Whelan) have a question?

Mr. Hnatyshyn: He is taking notes. I hope he is paying attention.

Mr. Brisco: I would rather this government spent $150 million on some policies of permanence. The Minister of Employment and Immigration (Mr. Cullen) has been urged by members on this side of the House to consider a major upgrading of the manpower training program, much greater support, in conjunction with the provinces, for our skilled trades and a need which has been clearly demonstrated to fill those jobs which require skilled trades. What do we find? Tool and die makers are being imported from Europe. Coal miners for British Columbia are being imported from Taiwan and Southeast Asia. What is wrong? What is the problem? Clearly, the government is not listening. How can this government allow industry to import these skilled trades which we need, and turn a blind eye on the necessity to provide apprenticeship programs to fill the jobs waiting for Canadians?

An hon. Member: Right on.

Mr. Brisco: What possible use is there in a decentralization program, if this government is not prepared to go ahead, in concert with the provinces, and think about the decentralization of some of our universities and university programs into the area of skilled trades? What is wrong with putting skilled tradesmen out in the marketplace where they are needed, instead of filling the streets and the taxis of the nations with people who have university degrees and nowhere to go?

There is a great deal more I could say about Canada, our government and national unity. I have addressed myself to only a few of those points. I apologize if I have been overly parochial, but I should like to remind the Liberal members of the British Columbia caucus—I see one representative of that caucus in the House today—that when they come to Kootenay West they should consider sitting down with the people who can inform them how their government has failed so completely to address itself to the economic problems of Kootenay West and this nation.

Mr. Paul E. McRae (Fort William): Mr. Speaker, I am appalled, in the last week of the debate in which we have been participating, at the way the opposition has attacked the government without really any understanding of the kind of problems we are facing at this time. Also, I am appalled at the rather weak defence the government has made of a rather good record.

● (1552)

Before we talk about the problems of our time, we should look at the record of this government over the last ten years to see if its record is as bad as the opposition is saying it is. I can see it is much better than the government is declaring it to be. The most useful document I am able to acquire each year is the annual review of the OECD, the economic survey dealing with Canada. The books on this document were closed on June 30 and the document arrived in Ottawa some time in late August or early September.

I would like to refer to a few of the figures included in the document, to indicate the success this country has had relative to other countries. The OECD uses four indicators. They survey the seven major countries, of which Canada is one. This summit group representing those countries met in London. If the opposition had a chance, I suppose it would say Canada is seventh in that group because Canada has the smallest population and there is something wrong with that. However, we are part of that group of seven.

There are four indicators. The first indicator is real personal consumption. Canada leads in the group. The average annual increase for Canada over the period 1970 to 1976 is 6.5 per cent. Canada is first and the United States is fourth at 3.4 per cent. Another indicator is real disposal income per person employed. Canada is fourth in this category at 4.2 per cent. The figure for the United States is 1.6 per cent.

In total number of new jobs created, Canada leads the list with 3.2 per cent for every year, on average. Canada leads the seven countries in that category, with the U.S. second at 1.8 per cent. Let us talk about the increase in the household savings ratio. Canada is second and the United States is seventh. In these four categories which are used by the OECD—and we are talking about the years 1970 to 1976—we come first in two, second in one, and fourth in the other. Is that a bad performance? Is that an intolerable performance? Is that a mess? I say that is a fine performance, and I am critical of the government for not bringing this to the attention of the public.

There are a couple of other points which should be made with regard to this document. The document says that in 1974-75, at the cost of deterioration in the relative inflationary performance and the external balance because of this, Canada resisted the international recession much better than most other industrial countries. Following the shift in emphasis during 1975, which was a recession year, economic policy continued, in 1976, to give priority to reduction in inflation not only as an immediate objective but also as an essential condition for sustained improvement in output and employment. Those in the NDP said we should not have gone into controls; OECD said we did the right thing. We had the right priorities at that particular time.

In 1976, private consumption grew by 6 per cent in this country. Private savings also grew. The OECD says that this consumption did not grow because of any propensity to consume. In fact, the household savings ratio nearly doubled in the same period, but buoyant, real disposal income growth was achieved, thanks partly to an extremely rapid expansion in employment. That is why Canadians are better off, and to say that the government has not done these things is to miss completely the point of the OECD which, I assume, is a neutral body dealing with some 20 countries.

Let me refer to another figure, which does not come from OECD but from the Canadian Press of last week. Average family incomes, before taxes and deductions, rose by 5.9 per

cent to $19,110 in 1976 from $16,613 a year earlier. After inflation, that represents a 7 per cent increase in family incomes. Yet we put this forward and say that Canada is doing very badly.

In real dollars, since 1968—which was the year the Prime Minister (Mr. Trudeau) took the reins of government—that is, dollars which are not inflated by taking 1971 dollars as a constant figure, the gross national product increased by 42 per cent over these eight years. Canada's personal consumption—in real dollars, again—increased by 52 per cent. This, again, is from OECD.

Let us consider the clincher. Hon. members opposite say that the government is spending too much money and bankrupting the country. But personal income, in real dollars, increased by 52 per cent. Government expenditures—in other words, government consumption—increased by only 41 per cent, in real dollars, in that period. So are government expenditures in excess of personal expenditures? No. Personal consumption has gone up 15 percentage points faster than has government consumption. These are some of the things the government has not told the Canadian public, and I am annoyed that it has not. The reason I am annoyed is that I think it is unfair, in these very difficult times, to say that Canada has performed badly in the past eight or ten years, that it is all our fault and that it is only happening in Canada.

I have three major ideas I would like to convey in this speech, aside from getting the foregoing off my chest. I will be saying a great deal more about this as time goes on. The first point is that in a global sense there has been a great increase in the seriousness of problems which governments have had to face. Second, the institutions, the techniques and the means we have had at our disposal traditionally to solve these problems are not working. Third, there is a totally new element involved today with which we have not had to deal before, and that is scarcity of energy resources.

From these three points I would like to draw the conclusion that we have come to the end of an era, and that to get around the frustrations which are bothering all of us—the opposition, the government, and so forth—we have to take a new look at different techniques of solving our problems. I will not spend a great deal of time on the first two points, but I will try to illustrate what I mean in terms of inflation. For the first time in a non-war setting we have worldwide inflation which is serious. I understand that the summit group meeting last summer agreed that, generally speaking, 5 per cent must be a minimum inflation rate. In the industrial countries we have had an inflation rate over the last 100 years of between 1 per cent and 1.5 per cent. The rate went to about 2 per cent during the late sixties, and from 1973 on it jumped to 10 per cent and 12 per cent in this country and in other countries.

The summit group says that a 5 per cent basic figure is going to be common. That is the basic figure to work with, and there is very little we can do about it; we have to work with that figure. That is something we have not had before. I must remind hon. members that 5 per cent means a doubling every 14 years; it means that prices will double in 14 years, and in 28 years they will be four times what they are today. In 42 years they will be eight times what they are today, and so forth. It gets ridiculous. I am explaining this because I think it is important when we deal with energy growth.

There is a large unemployment problem all around the world. I am not just talking about Canada. For those who say that Japan has no unemployment problem, I refer to a couple of points made in the *Globe and Mail* last week. Only 8 per cent of companies recently surveyed expect any increase in permanent employment. Official statistics show that about one million people are wholly unemployed, but at least two million people are considered redundant by Japanese companies which are unable to dump them. In other words, workers are not fired in Japan; they are just made redundant. It is a kind of unorganized work-sharing. The article also makes the point that the Japanese stock exchange is very sluggish.

● (1602)

The New Democratic Party constantly assure us that everything that happens in Sweden is right. I should like to read a paragraph from *The Economist*, one of the best magazines in its field. I am not trying to show that Canada is worse, or better, but that the problem is global. Referring to Sweden, *The Economist* article reads as follows:

> The picture is already bleak. The first half of this year saw Sweden's gnp falling (0.5 per cent) for the first time since 1945, and the total drop for 1977 will be 1 per cent—just as other industrial countries are averaging 4 per cent growth; unemployment (whether the visible 2.1 per cent unemployed, or 6 per cent total if those in subsidized employment or retraining are counted) is rising and inflation (prices are 14 per cent up on a year ago) is accelerating from 10 per cent a year—

This is in a country with a population about one-third that of Canada. The article goes on to say that subsidies to industries in trouble are gobbling up over $2 billion per year, and that the latest devaluation of the Swedish currency was 10 per cent. To say that Sweden, Japan, or any other country in the group I have mentioned, is doing better than Canada is ridiculous. I mentioned the indicators of the OECD. We are first in two, second in a third, and fourth out of seven in the fourth. To say that is a bad performance, or that Canada is in worse shape than other countries, is wrong.

All the industrial nations have the problems of inflation and unemployment, although to different degrees. Traditionally, inflation went up when unemployment went down, and went down when unemployment went up. But today inflation and unemployment are rising at the same time in all these countries. This is not the only area where we find an increasing severe problem. We also find it in government spending. This year, we will have a deficit of around $8½ billion and the Americans will have a deficit of about $60 billion. This is at a time of high inflation. That is another area we do not seem to be able to master.

At the heart of a lot of our troubles, and maybe at the heart of the situation in Sudbury, is the rapid rise in the size and power of multinational corporations. Several good studies have been done in the United States, particularly one by the finance committee of the United States Senate, which show that global

corporations control 1½ to twice the amount of the liquid assets of all the national banks of the countries they deal with. Control is not in the hands of governments—Swedish, Canadian, Japanese, West German, the United States—to the extent that it used to be. A good deal of it is in the hands of global corporations. We have a global problem of much greater magnitude than we had in the past.

The second point I should like to make is that our institutions are not working the way they should. Keynesian economics do not seem to be working the way they did. The New Democratic Party has taken a lot of swings at us for not putting enough demand into the economy. They say we only put a very small amount of demand into the economy by means of the last budget. Actually, we put $2.2 million worth of demand into the economy, in the budget as well as through indexing income tax, pensions, etc. It did not create as many jobs as they say the same amount of money will today. It is interesting that much of Canadian income today goes into savings—about five times as much as in the early 1960s. Therefore, if money is put out it does not necessarily go into demand.

We do not just face problems of economics today, but also social problems and stresses. In the community of Thunder Bay, for instance, there has been a great leap in adolescent problems in recent years. Perhaps that has something to do with unemployment, and so on. Recently, I attended a conference of the social planning council of Thunder Bay where the problem of adolescent social misbehaviour was discussed. It is interesting that during the whole evening only one mention was made of the school as an institution. People do not see the schools as the solution to their problems or as having any major effect in solving this kind of problem.

I could go on talking about the fact that the institutions are not working and that we need new techniques, but I should like to deal with the third subject because it is one that concerns me even more than any others. I refer to the growing scarcity of energy resources. When I studied economics at high school and university, I was taught that scarcity was invented by bankers, and that if we could rid ourselves of the notion of scarcity there would be plenty for all. I grew up with the idea that there was nothing more sacred than an ever-growing gross national product; that whether you were a socialist or a capitalist did not matter—growth was what counted. Almost overnight—I have some thoughts on this because I think we were badly misguided—the world was told that there are shortages, that we are going to run out of energy, and that these shortages are going to produce some very serious problems. This is difficult for people to get used to. Have we been lied to, or is this the truth?

I have said in this House, in committee and outside the House, that the National Energy Board was negligent in not giving us fair warning of the danger. I have said it was negligence bordering on the criminal for not telling us long ago what the situation was. We are getting the figures today, but we did not get them in the past. I think this was gross negligence. I do not mind saying this outside the House, Mr. Speaker. I will say it anywhere, because I believe it and the figures will prove it.

[Mr. McRae.]

There are all kinds of ramifications of the energy problem that we must face. We are told by the National Energy Board, and by a global group dealing with the problem on a global basis, that by 1985 Canada will have a shortage of oil roughly 25 per cent of our needs. The cost of oil alone will be about $6 billion. At present, 45 per cent of all the energy used in this country comes from oil, and 20 per cent from natural gas; so we cannot convert to something else very rapidly. A recent study by MIT indicates that this will be a worldwide problem.

● (1612)

We had some negative testimony, which did not refute the statement that I made in committee some time ago, that Saudi Arabian oil will probably run out in about 30 years' time. I made the statement which, again, was not refuted—that my son, who is now 15 years old, when he is my age, that is, 53, he will be living in a virtually oil-less world. The implications of that are horrendous in terms of the whole of our industry which is based on oil, such as the automotive industry, and so on.

There are alternatives, but they are not easy to achieve and they require a tremendous replacement of energy. The gas situation is not as bad, but we can expect a five or ten-year gap between gas and oil depletion. What kind of heritage will we leave to our sons, daughters and grandchildren? If this were just something I had in my mind, or something the National Energy Board had stated—as I indicated, the National Energy Board has not been too accurate in its predictions in the past—we could say, well, this should not be taken too seriously. But there are all kinds of other groups, such as the group which has put out the book called "Global Prospect" this summer, which say exactly the same thing, namely, that we have a massive problem.

The problem is not just in terms of scarcity of oil, but also in terms of scarcity of capital. I am told—I am not able to vouch for the figure—that the James Bay project is using up 50 cents of every capital dollar being used in Quebec today. The capital dollars that are badly needed in the pulp and paper industry to refurbish that industry, to make it more productive, are being used up in an energy project. When we talk about the future of energy capital growth—$180 billion over the next 15 years—in today's dollars, we are saying that 30 per cent, 35 per cent or perhaps 40 per cent of all the capital we will use in this country will be used for energy projects. That means there will be fewer dollars for consumer products. It means that a whole series of things will happen.

I would like to sum up some of these ideas because shortly my time will run out. First, there has been a quantum leap in the problems faced since the war—in the seriousness of problems facing governments. Second, the techniques and simple answers, about which I hear so much from the opposition and which I find so exasperating, are not working. The institutions we have are not working. For instance, some of our institutions have been bureaucratized to the point where they cannot work.

One of the reasons, I suggest, that the schools are not working is that they have become bureaucracies which have had to take on all kinds of other problems besides running the educational system. They have taken on the family, the community, and so on, and so they have ceased to function well. I am saying that our institutions, our techniques, the Keynesian techniques that we use, the social democratic notions that some groups use, are not working at this time and are not likely to work.

Third, we have an element of scarcity of energy in our industrial economy, which could be disastrous. From those three points I am led to believe, very much as the Prime Minister (Mr. Trudeau) stated two years ago this coming January, that we are coming to the end of an age, to the end of an era—an era that has been dominated by the notion of growth. This does not mean that we do not need growth, but we are rapidly coming to the end of this era, dominated totally by growth and in order to solve our problems we must look at new ways of doing things; we must adopt new approaches.

Some hon. Members: Hear, hear!

Mr. McRae: The frustrations which we feel in this House when we come together and shout at each other are caused in part by the fact that there are no simple answers to these problems. The techniques we have are not working.

I think that these frustrations will begin to go away when we start looking at new techniques. What are some of these techniques? I cannot tell you what the new world is going to be like, but I can tell you about some of the things that might happen and some of the things that might work. One of the things that will be coming into existence is a reduction in the size of things—the "small is beautiful" concept. The John Bullock independent business group is talking about this. They are saying that if you are going to be efficient, the best way is to be relatively small. This is not the total global picture, but it is one thing that I think will be there.

I think it will be terribly important that we develop into a conserver society, as opposed to a consumer society. We will still be consuming a great deal, but we must learn to conserve, to cut back on what we are using at this point.

I think we will find many people—I found myself doing so this summer—returning to the land, returning to doing things oneself, returning to growing one's own produce, to using wood from the forest and food from the garden. This may sound fanciful, but in my community of Thunder Bay hundreds of people have moved to the country, to non-agricultural land, to good woodlots, beginning to cut down their cash flow requirements, to consume less and to conserve. Eventually, they will be living practically independently in terms of their economic needs.

We also have to look at—this will be the last point I will make in this respect, because my time is running out—some of the techniques which are not working in terms of creating employment. I do not believe, if we have a 6 per cent or a 7 per cent growth rate—we had one last year of 5 per cent—that we will be able to create the number of jobs that will be required, given the degree labour participation in this country. We have approximately 300,000 people coming on to the labour market each year from schools as opposed to 60,000 in the 1950s. We will not be able to create enough jobs, even with a fantastic growth rate. So I do not think this is the solution in the creation of jobs.

There are two ways we can do it. One is to keep a certain group of society off the labour market permanently, which is one of the things we are doing now when we are saying the unemployment rate among our young people between 15 and 25 years of age is 12 per cent to 14 per cent. The other is to start sharing the work that is available among the people who are available to do the work. It seems to me that the Sudbury situation, which is a very grave one, has all kinds of ramifications.

We have here, essentially, a very strong case for doing some serious work-sharing. That work-sharing should involve three ingredients. First, it should involve a fairly large unemployment insurance fund which would be used in Sudbury, for example, to pay people who are not working. Second, it should involve a very big commitment on the part of INCO, perhaps refunding some of the tax already deferred. Third, there should be a sharing of work among the employees. I know many people in my community told me that, given the fact they have good incomes, they would prefer a four-day week, at the same hourly wage they are earning, than a five-day week. If one went to the individual workers—not to company representatives or union representatives—one would find many people in Sudbury who are well paid, who have a house, a car, a Skidoo—and will be getting a second Skidoo—who are beginning to think that perhaps their life would be better if they had more leisure and that work-sharing in the context of the three elements of industry, government and the worker, may be an answer to this problem.

● (1622)

I repeat what I said earlier. Is it much better to share the amount of work that is available among the people available to do the work, than have one group working for 40 years, eight hours a day and—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his time has expired. He may continue only with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. McRae: Thank you, Mr. Speaker. Perhaps I might take a question at this point and let it go at that. I believe I have pretty well made my point. We live in a new age. The answer is to start looking for new ideas, and not condemn each other. If there is a question, I will be glad to take it.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am always pleased to follow in debate the hon. member for Fort William (Mr. McRae), whom I have always thought of as an optimistic member of this House who looks upon life in a

rather cheery way. However, if he was evincing the attitude of this country, more particularly within the ranks of the Liberal party, with regard to the future of this country, his solemn and somber attitude is something with which we should concern ourselves.

We live in a land that is replete with resources and a work force that has shown itself able to rise to challenges. If we must suffer under what he terms a conserver society, where we have to turn up our collars in the face of winds that are temporary, we are in much deeper trouble than we thought. I do not accept, and I hope others in this chamber do not accept, that the future of this country needs to be burdened with the sombre and doleful picture painted by the hon. member for Fort William.

Let us face up to a few things. In his speech today, the hon. member for Fort William said he was appalled at the weak defence of the government. Has it ever occurred to that hon. member that the government is defending weak case, not in terms of the ability of Canadians to come together and meet a difficult situation or crisis, but in terms of the government's involvement in it?

The hon. member mentioned the INCO case. That company, and indeed the whole of the mining industry in Canada, has become the handmaiden of the taxation policies of government. Governments have conveniently looked upon industry in Canada as the place from which they can soak up money with which to operate a whole host of programs. They did not think that when they are taxing and double-taxing, as they have done in the mining industry of Canada—and not just this government but other governments as well—they were removing from those agencies which employ thousands of Canadians their ability to function in competition with other nations of the world.

There are 21 nickel-producing countries in the world. If our taxation policies are so out of line that industries cannot compete—and that is the case with INCO—a lot of the blame must fall at the feet of the federal government as well as other governments. If that is to be the case, is it any wonder we are in trouble in competition in the world with respect to the production and sale of nickel?

What does the government do? Today, the Minister of Energy, Mines and Resources (Mr. Gillespie) was asked in this House whether the government would consider taking leadership in terms of relieving the burden of taxation on this aspect of the mining industry. What did he say? He said the burden is a responsibility of the province, not his government. That is nonsense. The leadership, change and new approach which the hon. member for Fort William spoke about has to come from somewhere. I suggest the leadership should come from the national government of this country.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I listened with great interest to the very eloquent and far-ranging speech made today by the Secretary of State for External Affairs (Mr. Jamieson). He said, as did the hon. member for Fort William, that when we look at our position in relation to other countries, we should consider ourselves fortunate. Of course we should. However, that begs the question.

I would be the last to argue that, in terms of a nation which is just emerging in the middle of Africa, we should not consider ourselves fortunate, or in terms of some European nation that has been fraught with economic difficulties. What the Secretary of State for External Affairs and the hon. member for Fort William did not say was that we have moved from second place to ninth place in relation to all the nations of the world. While we can consider ourselves fortunate today, the question that must be in the mind of every Canadian is, why have we made that leap downward? Who was responsible for it? It was not Her Majesty's Loyal Opposition, nor was it the New Democratic Party or the Social Credit Party. Those parties have not been in power in this country for ten years. It does not lie in the mouth of the hon. member for Fort William to make that assertion. What has happened is that there has been a failure on the part of this government properly to study or interpret what has been happening in the world; it did not relate its approach to Canada's economic policies in terms of other nations. There is a serious responsibility there which we should take. It does not help the fishermen, the INCO worker, the Newfoundland miner, the linerboard plant employee in Newfoundland, or the thousands of students and young people who over the past five years or more have come to me and other members of parliament, to say that we are as good, or better, than other nations in the world. That is a political cop-out.

The hon. member is correct in saying that we have to take some new approaches. We must look at the way our society is going, and ask ourselves whether we have now reached the point where we are asking too much of government. Is it the job of government to do things for you and for me, or is it the job of government to create an atmosphere where I can start doing things for myself, whether I am a farmer, a businessman or a teacher or whatever. It is not satisfactory to say that all countries have the same problems, because they do not. We have problems in Canada, in terms of our geography, which cannot be overcome by a minister simply making a speech in the House of Commons.

What has been the approach of the government with regard to this matter? Sometimes, in economic terms, in terms of gathering together the elements of this nation to face a problem, the government finds itself at odds with the facts.

● (1632)

The hon. member for Kootenay West (Mr. Brisco), who spoke a few moments ago, mentioned the whole problem of the decentralization of government. There isn't a person in the House of Commons who would argue that it is not a reasonable thing that elements of the federal government ought to be placed in various parts of the country. But no one in the House of Commons, surely—except, perhaps, the Minister of Finance (Mr. Chrétien)—would swallow the argument that decentralization must take place because it is going to help employment

in particular areas or because it is going to help national unity. Is our unity in this country so frail that the presence of a post office or an agency of government in a particular place is going to be the band-aid or an adhesive to hold it together? Of course not. No one honestly believes that.

This new program has been called expensive, in a period of restraint. It has been called a program of political patronage, and that is precisely what it is. We hear the argument that it is to help unemployment in those areas. What a silly argument that is. Look over the list of agencies which are being transferred. What are those agencies? Technical agencies, scientific agencies, specialized agencies. Are they going to lay-off the experts in these fields and hire others in the local areas? Of course not. They have sent 92 jobs to Cape Breton. The hon. member who represents Cape Breton called it a crumb from the table. Do they envisage that those 92 jobs will be filled down there? Of course not. Three quarters of the people are going to move down there at some personal and public expense and inconvenience. Less than 20 jobs will be taken through local employment in that area. This is the ridiculous part of the program, at a time of restraint.

What we face is a government which operates by cosmetics. Not too long ago, in the last session, I put a question on the order paper asking what studies had been undertaken with respect to the decentralization of the public service. I asked what was the cost per man-year and whether the government had done anything at all except canvas ministers to ask what agencies could be moved. Do you know what answer I received, Mr. Speaker? No studies had been carried out. It was pure politics. There had been no reviews, nothing. Yet they expect us to believe them when they say they are concerned.

In the week after the announcement was made, I had nine public services families come to my office saying, "Mr. Baker, I have a problem, my wife and I have a problem, our children have a problem. We have our aged parents settled here, and nobody told us we would have to disrupt our lives. No one ever told us we would have to sell our house and move somewhere else in Canada, however desirable that place might be. Nobody told us our children would have to interrupt their schooling and move from one province to another, with all the difficulties there are in this country with respect to disparity in educational standards. Yet we are forced to move, we are forced to go, by a government which has not learned the process of consultation."

Moreover, this is a costly process, Mr. Speaker. I believe the riding of the minister of the environment is receiving a scientific laboratory from the Department of National Health and Welfare at the cost of $7 million. The employees of the Department of National Health and Welfare have been told by officials of the department that it will cost about $7 million to move that laboratory, because they are not consulted very often. That is nonsense. They are consulted. A public servant who spoke to me about it said that right after the meeting there were five calls for information that was required immediately. I ask you, Mr. Speaker, what would $7 million do to build a sewage treatment in that area? A lot more than those jobs; a lot more than that government building.

The government has dealt into these issues in terms of cosmetics, and then they ask us to believe they are really serious and they know how to tackle the economic problems of the day. Of course they do not. The hon. member for Ottawa West (Mr. Francis) is in the House today. The hon. member for Ottawa-Carleton (Mrs. Pigott) is here today. All of us, it does not matter where we sit, have had problems in terms of the public service. All of us have suffered from the tales told to us of the difficulties which have come upon public servants through the actions of a government which does not care. Every one of us has dealt with human problems as a result of the implementation of bilingualism in the public service. All of us know that careers have been wrecked. All of us know that the merit system had gone out the window. "Merit" is now a dirty word.

What does the government propose? It now proposes to change the policy, so that Canadians who have not had the advantage of growing up in a province where there are two languages spoken and where two languages can be learned, will be effectively barred from the public service of Canada by 1983. We have seen how the government deals with its public servants, how deputy ministers are prepared to go along with anything to satisfy the government, prepared to ruin the career of one man whose name I mentioned yesterday in the House of Commons, Mr. Sant Singh.

How will deputy ministers deal with the positions which are now to be filled on an imperative basis by bilingual Canadians, Canadians who are bilingual at the outset? Are Canadians not going to be given the opportunity of learning the other language? Moreover, Mr. Speaker, we are going to pay bonuses to people who have learned the two official languages—at least, they were supposed to—at public expense. How can any person look at this government and say they are sincere about restraint or about the public service?

Before this House resumed after the recess I called for an independent inquiry with respect to the implementation of bilingualism in the public service. I call for it again today. If the inquiries into the merit system which are going on in the public service with respect to the cost, the problems, the results, the cost-benefits of that implementation, are carried out within the service, then it will be a case of the government examining itself; it will be like putting a weasel in charge of a henhouse. Independence is what is required with respect to this matter.

Over the weekend the Prime Minister (Mr. Trudeau) talked about the protection of freedom in this country at a meeting of the rural lawyers of Quebec. He is a personable fellow, and they enjoyed the meeting. He said that in terms of language, which is a serious problem in Canada and which has been his preoccupation, to the detriment of Canada and in many other ways, the lawyers of this country should protect freedom, and one of the things he did not like about Quebec's bill 101 was the following:

We are forbidding French Canadian parents from sending their children to English schools just as 20 years ago Catholic parents were forbidden from sending their children to Protestant schools.

He said, further, that clauses of the province's French language charter which eliminate freedom of choice in language were "a step backwards for freedom". He told his audience that the documents which were produced by Mr. Gordon Robertson at his famous press conference, when he announced that the attack on lack of freedom would be no attack at all, indicated that the bill was reprehensible. It has been called a blot on the legislative landscape of this country. Yet what is his approach? His approach is to do nothing, to let somebody else carry the ball. "Never mind", he says, "I am the keeper of the constitution; let somebody else carry the ball". Never mind that owing to years of delay, feelings will develop in this country that will go a long way to destroy what feelings we have left for one another, which will drive us further apart. I think it is important, Mr. Speaker, that a government act. I think it is important that a government take a chance and go to court. I think it is important that a government do what it asks somebody else to do.

● (1642)

I met Quebec Protestant Home and School Association representatives in Ottawa the other day. They told me that in view of the educational limitations of bill 101, and due to its lack of courage, the federal government seems prepared to allow 1½ million Canadians to rot, in terms of their place in society. The Prime Minister is absolutely right: bill 101 does deny French-speaking Canadians the opportunity to learn English. It also denies English-speaking Canadians in Quebec the right to use their own language as well as French.

Mr. Woolliams: What about the ethnic groups?

Mr. Baker (Grenville-Carleton): The hon. member for Calgary North (Mr. Woolliams) mentions the problems of the Inuit people. I understand an undertaking has been given that in that regard the James Bay Agreement bill would not be proclaimed. That undertaking was given in this House, and I intend to see that that undertaking—which was given to me in the House—is carried out.

There is not one member of this House who is prepared to take any step or to advocate any course which would mean the end of the French language or the French culture in Canada. I am sure there is no member who would want to advocate any course or take any step that would end the English culture in Canada or any other culture that goes to make up the Canadian mosaic. But surely the members of this House cannot sit idly by and in all good conscience approve a course of inaction in regard to the very important question of the right of Canadian parents to educate their children in the language of their choice all across this country.

I would be the first to say there have been differences of approach and timing in regard to the advancement of one province compared with another. That, of course, is wrapped up in the traditions of our country. I think it is improper, that it is really a false argument, to say that somehow British Columbia, Alberta or Saskatchewan is wilfully deficient in educational terms, so far as minority languages are concerned, because their historical development has been different. But there will be no historical development at all if the government is prepared to sit back and to do nothing.

There are examples where governments have moved courageously and the country has withstood that move and has come to admire the government. But there is just no way that we can justify the stand that Quebec, or indeed any other province, shall not have special status, on the one hand, and then have a government, through a language paper, give it that special status.

The hon. member for Fort William spoke of new approaches that are required in the House in regard to financial control not just by the opposition but by the Parliament of Canada. We have a long way to go if we are to return to the House the opportunity of examining government programs and seeking information which the government relies on in advising itself. I would be the last to advocate that parliamentarians who are not members of cabinet should be privy to discussions which go on among cabinet members leading to a decision. On the other hand, I would be the first to argue that the House of Commons and the public of Canada, a pluralistic society in which we fund as well as promote interest groups, should be given information, points of view and expressions of opinion which are submitted to the government in arriving at certain decisions. I think we have to have that. If we do not, then parliament is going to act more and more on instinct rather than knowledge. In view of the complexity of government, this is precisely what is happening today.

The hon. member for Calgary Centre (Mr. Andre) made a good speech in the House the other day, I thought, on what has happened within the bureaucracy, within the public service, and its attitude toward spending. When we examine estimates in this House, Mr. Speaker, we examine them piecemeal. We examine them in a way which actually pushes members of parliament into submitting that perhaps more should be spent on a particular program because it is a good one. But under our parliamentary system we have no opportunity today to examine estimates and government programs in a broad way. I think it is time all members of the House took a look at the machinery that it is necessary to put in place to enable us to contribute to a discussion of financial control over the expenditures of government. This has been lost to us, and should be restored to parliament. There is no machinery in parliament today which enables us to examine estimates in any way other than a piecemeal basis.

I put a proposal to the Standing Committee on Procedure and Organization in the last session of parliament. It was not taken up and it is still there. The hope was to give us an over-all review so that over the course of an ordinary parliament, Liberal, Conservative, New Democrat and Social Credit members would have an opportunity to examine a department's programs in depth in order to see whether Canadians are getting their money's-worth, to see whether a program is good, bad, or redundant and should be done away with. We do

not know this today; such decisions are made one way or the other in the bowels of the bureaucracy.

The bureaucrats are not bad people. They are not indecent people. They are not out to scalp Canada. They are humans, a group of human beings with a particular point of view. We must examine the procedures of the House whereby members, some of whom are very talented, can get themselves into the policy-making process. I recall the immigration bill regarding which options were considered in advance. Parliamentarians travelled the country hearing evidence long before any bill or regulations were drafted. As a result of this process there was a very short debate. A report was produced which to a great extent appeared in the form of legislation.

Too often in our system decisions are made by cabinet and the bureaucracy. When legislation reaches the floor of the House, the government has already made a decision from which it cannot move. As a result, debates in this House become long and acrimonious. I think that problem could be solved and many matters could be dealt with if we decided to change our approach. Many things can be done to deal with this question. We owe it to ourselves and our institution to make the change.

● (1652)

Mr. Douglas Fisher, in a column which appeared in the current issue of *The Legion* magazine which I see the hon. member for Ottawa West has in his hands—indicated that because of the complexity of our society, our institutions have not kept up. What has happened is that the president of the Canadian Broadcasting Corporation, the chairman of the Canadian Radio and Television Commission, and the chairman of the task force on national unity, have become more important than this place.

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. member, but his allotted time has expired. He may continue with the unanimous consent of the House. Does he have unanimous consent?

Some hon. Members: Agreed.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I appreciate the indulgence of my friends. I will not be too much longer. We have to look at our committee system in the House of Commons in a new way. There is one successful standing committee of this House, and that is the Standing Committee on Public Accounts. It is not successful because it is examining the Auditor General's report, but because it has attached to it a staff which is independent of the ordinary bureaucracy. It has attached to it a responsibility which is independent of the government. It has attached to it a reputation of such high order that members on the government side do not choose to be partisan about the work of that committee. The important aspect is that there has been developed for that committee, quite by accident, an independent bureaucracy to assist the committee in fact-finding work. We should develop that approach in order to assist other committees. If our committee system is to function, then that must be done.

There are a number of other requirements which I will speak about in due course. I do not intend to go further into that matter today, except to say that this institution of parliament will go further and further down in the estimation of the people of this country unless it can be given greater pre-eminence than the president of the Canadian Broadcasting Corporation or one of the joint chairmen of our national unity bureaucracy. This is a very important matter to which we must soon direct our attention.

Some hon. Members: Hear, hear!

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, our Prime Minister (Mr. Trudeau), in a famous 1975 end of the year interview with Carole Taylor and Bruce Phillips of the CTV, said the following:

Some economists say all you have got to do is get back to the free market system and make this market system work. It won't, you know.

But this same Prime Minister, in his economic lecture to members of the House on Wednesday, October 19, had an altogether different line. He had become converted to return to a free market to get us out of our increasing economic difficulties. He said that our prices are too high, and of course the markets of the world set the prices. This he gave as the major reason for our incease in unemployment which, as we know, is by far the highest of any country in the western world.

The serious decline of this country in recent years has been increasingly clear to Canadians and non-Canadians. To those of us who sit in parliament, the Prime Minister is seen as playing a sort of musical chairs with key cabinet appointments. This ultimately reveals the lack of a coherent economic philosophy for the nation. The country is economically stagnating and dangerously drifting, both economically and socially, under the leadership of the Prime Minister. Unemployment, inflation and a general environment of uncertainty is seriously eroding family and business confidence in the future of this nation.

The Prime Minister seemed to come to government in 1968, not only with a special style and charisma but with some sort of serious commitment to a "just society". This attitude has turned into a short-run, sort of seat of the pants, ad hoc reaction to the serious problems facing the nation. The Prime Minister's inconsistency is shown up not only in the general lack of an over-all consistent economic philosophy; it is personified and made clear in the speech he gave us in the House last Thursday, and it is also enshrined in the mini-budget of his new Minister of Finance (Mr. Chrétien).

Let us briefly review that mini-budget. The tax cut announced by the minister will take the form of an increase to $300, from $200, in the minimum amount of a federal income tax credit. It must be noted that this tax benefit will apply only to the current taxation year and will affect more than 7.5 million taxpayers. It is estimated to cost the government approximately $700 million in forgone income.

I think most economists would say that this provision will only be a modest stimulus to the economy. It will bring an

increased job-creation program which, along with the further $150 million approved for federal government works projects, will likely create between 30,000 and 40,000 temporary jobs. Given that more than 900,000 expect to be unemployed next year—and it could be easily one million—these programs promise too little.

Under the new mini-budget of the Minister of Finance, basic wage increases will be limited to 6 per cent for new wage contracts covering the coming year. If the government had not revised the wage control regulations, workers would have been entitled to claim increases of up to 8 per cent in the coming year. This cutback from the 8 per cent level to 6 per cent will, among other things, accentuate the squeeze on personal incomes and in turn that is bound to affect consumer spending and the national economy.

The Minister of Finance forecast that Canada would have an economic growth next year, in real terms, excluding inflationary pressures, of 5 per cent, compared with about 2 per cent this year. The effect on consumer spending by going from 8 per cent to 6 per cent, as announced in the budget, will make it extremely difficult, if not impossible, to achieve the 5 per cent real growth rate forecast for next year. We will be very lucky if our growth rate extends to 4 per cent. Given the new entrants into the labour force, the sluggish rate of growth in the economy in the last few years, and expected higher interest rates, we can expect very little, if any, relief for the crisis unemployment situation in this country.

Personally, I am scared that the tax cut announced will not result in as much an increase in spending as the minister had hoped for. Savings deposits at the national level grew by 19.7 per cent in the first quarter of this year, and are continuing at extremely high levels. It is more likely to be recognized as a transitory tax cut and much of it which will be applied to the middle-income earner will probably be saved and not entered into the income-spending stream. If the minister hoped that this type of stimulus would result in long-term increases in demand, which would in turn act as an accelerator for investment plans by manufacturers, he will be very disappointed. As is likely, a good part of the result of the tax cut will come out of current inventories.

● (1702)

The minister mentioned that about $1 million will be approved for an employment credit plan for private corporations. This would be a new approach to job creation in Canada, but this type of approach has been used in other countries. Such an employment tax credit program has to be carefully scrutinized because it is likely to give unanticipated windfalls to firms already planning expansion.

The other side of the question is that there is also danger that some employers will lay off initially too many workers at the time of any given cut-backs, only to hire them back again to take advantage of the employment credit plan. I would think that marginal corporations of medium and small sizes are unlikely to expand in the face of the uncertainties of rising inventories and costs. Experience of other countries has shown that such a plan has not been nearly as successful as it had been hoped.

I am personally pleased that despite the fact that our devalued dollar is in large part due to a mismanaged economy, it will, however, continue to float. Certainly in the last several years our exchange rate has been somewhat over-valued. The continued floating of the dollar should have the over-all result of improving markets for domestically produced goods and a better market for Canada's exports. The price of some important inflation due to the higher price of imported manufactured materials and of consumer imports should be outweighed by the benefits coming from the improved employment prospect the lower dollar carries with it for domestically produced goods, and especially for Canada's exports.

While family allowances are still not indexed, income tax deductions for children under 16 will rise by $30, and for those over 16 to $60. The elderly and those with handicaps will receive an exemption increase of $100 to a maximum of $1,500.

I regret that the government did not see fit at this time to lift wage and price controls in Canada. They are obviously not a long term stabilizing influence on the economy, and the amount of short-term relief in terms of a dampening of expectations has been over-exaggerated.

The country has paid a significant cost in terms of uncertainties and of confrontation between labour, management, and government because of these controls. This, in my opinion, would have been a good time to lift them and to do it quickly and with a minimum amount of phasing out at a time when product markets, as well as labour and financial markets, are weak, and the danger of a post-controls explosion of prices and wages which would create a new round of troubles is at a minimum.

As it stands now workers will be forced to accept the maximum of 6 per cent wage increases when the consumer price index is going to run at 8 per cent or 8.5 per cent in the new year. That is asking for trouble and more confrontation. For the final few months of the existence of the AIB I ask this government to consider exempting the low income Atlantic region from AIB control.

This budget will do little or nothing for poor and low income Canadians whether they live in the Atlantic provinces, Quebec, Ontario, or any of the other provinces. There are not many people in Canada who realize that the lower paid 25 per cent of families in this country are only getting 4 per cent of our national pie, which we call the gross national product or national income, while the highest paid 25 per cent in this country are getting 42.2 per cent. How long do we have to tolerate this in a country which says it is committed to egalitarian principles and to bringing about equality with democracy? I would like to spend more time on this, but obviously, because I have only half an hour, I must move on.

In 1972 the then leader of the New Democratic Party, David Lewis, wrote a book which he titled "Louder Voices". In his book Mr. Lewis analyzed the tax treatment of corpora-

tions in this country in recent years, and concluded that it was grossly unfair. It was around this time that the now well known corporate rip-off concerns began to be expressed by our party. Over the post-war period the contribution of the corporate sector toward the financing of public services has considerably decreased in Canada. In 1950 personal income taxes contributed 20.3 per cent to total federal revenues, while corporate income taxes contributed 28 per cent. By 1974 personal income taxes were contributing 37.9 per cent of our federal revenues, while corporate income taxes were contributing only 15.7 per cent.

The essence of our argument, then—and it has not changed because the tax system has not changed, other than to increase corporate rip-offs—is that because of the great power and influence of large corporations, and because of the complexity of the tax system, a succession of federal governments have granted enormous concessions to big business, which have gone virtually unnoticed by ordinary people. We estimate the total annual value of these corporate incentives to be in excess of $5 billion per year, made up of roughly $4 billion because corporations are not required to pay current tax on their current incomes and $1 billion because of corporate rate reductions since 1972.

This is a serious problem for the people of Canada and for rational public policy because it means that a large segment of the government's discretionary financing decisions are not subject to regular scrutiny. Relatively few people are aware of the magnitude of hidden "tax expenditures" involved in the hidden corporate welfare system. Again, the United States—despite the many faults in its tax system—is well ahead of Canada in providing a public accounting of "tax expenditures." Every year a detailed summary of the cost of these tax concessions is presented to Congress.

In Canada no one has a clear indication of the precise cost of corporation tax concessions, apparently not even the federal Department of Finance. It is possible only to estimate the cost based on incomplete information which has been made available through official sources. In 1972 deferred income taxes amounted to $448 million in this country. In 1973 they went up to $959 million, practically a billion dollars. In 1974 they amounted to $1.468 billion. That is the last year about which we know. On that basis it is now believed by us, who have looked at the statistics and studied them, that the annual value of these corporate tax concessions is in excess of $6 billion, an amount equivalent to over 12 per cent of the 1976-77 federal budget. In other words it could be argued that the federal budget is really about 12 per cent higher than the figures which are printed in the annual public statement of the Minister of Finance.

Incidentally, the last available figures in the Corporations and Labour Unions Returns Act report show those corporation deferred taxes, which are in fact interest-free loans.

By way of digression, can hon. members imagine the average taxpayer, behind in the payment of his taxes to the Department of National Revenue, not being charged interest on his overdue current taxes? None of us could believe that, but it can happen with corporations.

I started to say that the last available figures were for 1974. We can easily project for 1975, 1976 and 1977 that the total amount of deferred taxes for corporations operating in the Canadian economy is between $10 billion and $12 billion. When I hear the Minister of Finance say that he cannot give more income tax breaks to the poor or when I hear, as I did in the House today, the hon. member for Hamilton West (Mr. Alexander) asking the new Minister of National Health and Welfare (Miss Bégin) where she would get the funds for the beginning of a guaranteed annual income, the thought immediately strikes me—

Mr. Alexander: Mr. Speaker, I rise on a point of order. I do not mind the hon. member making reference to me, but I think he should get his facts straight. I never asked the Minister of National Health and Welfare (Miss Bégin) a question about anything. My question was directed to the President of the Treasury Board (Mr. Andras) whose responsibility it is to save money. I was taken off guard when the Minister of National Health and Welfare indicated she was prepared to look into the possibility of introducing a guaranteed annual income. As usual, the socialists really do not have their facts straight so I thought I should intervene to set the record straight.

● (1712)

Mr. Hogan: I suggest that is not a point of order, Mr. Speaker. If the hon. member did not ask the minister I mentioned, he asked the President of the Treasury Board (Mr. Andras) where they could get it.

Mr. Alexander: That is better.

Mr. Knowles (Winnipeg North Centre): The hon. member is obviously against a guaranteed annual income.

Mr. Hogan: The thought immediately struck me, when I heard this question, that if our corporations, who have these billions of dollars of deferred taxes, were paying a market rate of interest to the government on them, we would have substantial funds to help the poor in a more serious way. Imagine if they had just had to pay 10 per cent on the $12 billion they now owe.

From the figures that I have seen, Mr. Speaker, the years 1973 and 1974 were some of the largest years from the point of view of tax deferrals granted in Canada since corporations were required to report these things. These, of course, were the years when the Hon. John Turner was the Minister of Finance and corporations like Canadian Pacific were allowed $56 million in tax deferrals. I cannot but wonder whether there is not a connection between Mr. Turner's incentives to Canadian Pacific and the fact that he is now a director of that corporation. As minister of finance he certainly showed himself as a great give-away artist to some of the large corporations. He might be forgiven, until you remember that, in order to defer taxes, you must have made a profit to have the taxes to be deferred in the first place. One wonders why the over $1 billion

that was given to these corporations in the March budget, as well as all of these tax concessions that I have noted, have not ended up in increased plants and equipment and new jobs in the Canadian economy. One can only conclude that they were added to the cash flows of these companies and were probably used to buy the securities of other companies, and thus increase corporate concentration of wealth without adding much new employment for Canadian citizens.

There is nothing of specific help to the Atlantic provinces in the mini-budget despite the claims of the Prime Minister to the effect that we have received, over the years, large equalization grants, which is undeniable. Despite the effects of various federal regional bodies, from the Atlantic Development Board on through to DREE, there is not much substantial increase in earned per capita income in the Atlantic region. It is true that there was some improvement in the early years of the 1970's in per capital income which has largely been accounted for by increasing transfer payments from the federal government. We do not want more transfer payments, we want earned income. Our people want permanent jobs. They do not want to be continually saddled with high payments for unemployment insurance and welfare payouts.

Mr. Woolliams: And tax the corporations to death so that they cannot pay anybody.

Mr. Hogan: At a Department of Regional Economic Expansion meeting on April 7 I suggested that there is an especially severe disparity in the Atlantic region when you consider that the official figures of the 1971 census showed Sydney's per capita income was only 68 per cent of the Canadian average. For Glace Bay, it was 54 per cent, and New Waterford, in my riding, 48 per cent. Since the Cape Breton development Corporation took over the coal mines from Dosco-Hawker Siddeley there have been two major mine openings and substantial improvements to another major mine, No. 26 in Glace Bay, which produces coking coal which, even without washing, has about one to 1.1 per cent sulphur only. Yet the mines are still losing money, although Minister of Regional Economic Expansion (Mr. Lessard), in his speech before the 29th Annual Convention of the Coal Association of Canada, at Edmonton, Alberta, on October 3, 1977 said:

> It now appears that as a result of industry and government co-operation, and of new market and technological development, it will be possible to create an economically viable industry by the end of this decade . . . in Cape Breton.

Mr. Speaker, Francisco Parra, head of Petroleos de Venezuela, South America, in his speech before the Canadian Gas Association just two weeks ago said:

> . . . in ten years the surplus oil production capacity of the Organization of Petroleum Exporting Countries (OPEC) will gradually disappear as demand rises and additional supplies of oil from outside the OPEC area are not forthcoming in significant quantities . . .
>
> When this happens, international crude oil prices will again rise steeply, perhaps to as much as $20 a barrel in 1976 dollars.

This same theme has recently been reiterated by many experts on the oil industry, and even the Minister of Energy, Mines and Resources (Mr. Gillespie) reported it recently at a meeting in Paris. I want to suggest very strongly, Mr. Speaker, that a mine started in 1978 in Cape Breton-Glace-Bay-New Waterford area would guarantee that Nova Scotia, which is so heavily dependant on imported oil, would have an assured source of supply and this would definitely guarantee that the Devco coal mines would more than break even from an operational point of view.

If you consider that at least one million tons of coal could be sent up from Sydney through the St. Lawrence to the southern industrial plants of Quebec, this country would literally save hundreds of millions of dollars in oil costs for an $80 million expansion for two new coal mines in Cape Breton. This would give us a total production of about six million tons, add directly at least 1,000 miners to that industry, and bring about an increase of at least another 1,000 jobs as spinoff. We desperately need these jobs, Mr. Speaker.

During the first quarter of 1977 for all of Cape Breton, including my own riding, that of the hon. member for Cape Breton-The Sydneys (Mr. Muir), and that of the hon. member for Cape Breton Highlands-Canso (Mr. MacEachen)—who unfortunately has been sick recently and I wish him well—the government paid out $14.8 million, in round figures, in unemployment insurance. For the second quarter it was $13.3 million, for the fourth quarter $9.7 million, with a total payout to date for 1977 of $37,905,000. The number of unemployment insurance claimants in Cape Breton was 13,751 for January, 1977, and 14,221 in March, 1977. Unemployment insurance payments can go from $50 million to $60 million. We do not want that, Mr. Speaker. We want jobs. The jobs can be put there in terms of coal that is needed not only in Cape Breton and Nova Scotia but to offset the imported oil now being used by Abitibi and by cement and other industrial plants in southern Quebec. If money were invested in Cape Breton mines it would save this country millions of dollars later.

● (1722)

I do not pretend to have much expertise with regard to the fishing industry but I know that with all the good that the late Prime Minister Lester B. Pearson did for this country in trying to promote co-operative federalism, he was an over-zealous internationalist, and we in the Atlantic region have paid a price for that. The result of a policy of bilateral agreements with another country was that after 15 years we allowed foreign fleets to come into our waters and to take most of the fish. Mr. Pearson was too much of an internationalist and not enough of a nationalist. It is hard to fault anyone for being too much of an internationalist, but when your basic industry is allowed to deteriorate for 15 years, as was ours in the Atlantic region, one must call a spade a spade.

We are now turning a corner. I agree with the Minister of Fisheries and the Environment (Mr. LeBlanc) who is cautioning against too much development of off-shore fishing until more chance is given to different fish species to grow. It is true that he is considered in the Atlantic region to be too cautious, but I think that with proper planning the mistakes of the last 15 years can be corrected in the next 15.

What I am most concerned about is not only that our offshore fishing be assisted—because there is already a threat of a monopoly developing in Nova Scotia, a situation which I already brought to the attention of the anti-combines branch—but that inshore fishermen be assisted because they make up 90 per cent of all fishermen in Nova Scotia. We must make sure that these independent fishermen and smaller companies are protected and are given a chance to develop. The minister disagrees with me when I say that we need a 50 mile zone to protect our inshore fishermen, but I know, after talking with him, that he is reconsidering his view. I know there are difficulties between inshore and offshore fishermen on this score, but surely it will become increasingly clear, just as the minister said, that delineating a 200 mile zone across the Atlantic will not automatically result in the creation of a new offshore fishing industry. Neither will a 50 mile zone be a magical cure for the inshore fishermen. However, we are asking him to consider seriously whether this is not a *sine qua non*, a premise that must be accepted, if inshore fishing in certain areas is not to be completely wiped out, as threatens to be the case.

The only other point I would like to make in conclusion is that the Atlantic region especially, but the whole of Canada in general, needs more funding for transportation, particularly railway transportation. If we are to assume that the cost of oil will continue to increase and that gradually, in the next 30 years or so, our resources will be depleted, then it makes sense to put more money into the most labour intensive transportation industry. Railways do not use nearly as much energy as other forms of transportation.

Already the Department of Transport, the utilities in Ontario, the steel industry in Ontario, and the western premiers are getting together to consider whether or not to rebuild the whole railbed from British Columbia through Alberta to the terminal point of Thunder Bay, at an expenditure of some $2 billion in the next ten to 15 years. I suggest that the same thing should be done in the Atlantic region up to Montreal, and that over the next ten years we should put in $1.5 billion to help stabilize the rail plant in Sydney and the rail car plant at Trenton, Nova Scotia, which would have an important effect on the port of Halifax through the movement of goods to central Canada.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I would like first to commend the mover and the seconder of the Address in Reply to the Speech from the Throne. Their responsibilities were attenuated since the speech as such is a summary of good intentions. What will be interesting is the forthcoming pieces of legislation.

In last Friday's issue of *Le Droit*, I read a comment from a journalist, Mr. Lacombe, who summarized his views more or less in the following words:

The Speech from the Throne: What Next?

To the extent that the Speech from the Throne informs us that the government's intentions are to improve the economic situation and maintain national unity, it is certainly a valuable document. To that extent, it is even a noble document . . . Anyhow, it does not really matter and it is of little significance that the Speech from the Throne smacks of electoral opportunism, as many have said. What really matters, once again, is the work that will be done throughout the session which has just started.

Of course, that is what matters most. As other people, I have noticed that the speech often mentions the unemployment problem, and rightly so because this is the main problem Canada is faced with just now. I should like to quote a particular comment which I found most interesting:

The suffering which is currently the consequence of unemployment in Canada is seriously disquieting. It is neither fair nor admissible that so many men and women should be deprived of the dignity of gainful employment, and unable to meet their financial obligations and make plans for their future in a climate of confidence. It is not tolerable that so many people should be deprived of their rights to a useful and assured livelihood and that their families should carry the unfair burden of worries, uncertainties and deprivations. Unemployment is now, on a national scale, a very serious impediment to economic growth.

That is certainly a most beautiful way of putting it. However, I remember quite well that in its Speech from the Throne of February 27, 1974, the government stated:

Other measures will be taken to increase production and employment through providing workers with improved access to available jobs, and employers with improved access to Canada's manpower. These steps will relate employment policy, immigration policy and the activities of the Unemployment Insurance Commission.

In the throne speech delivered in 1972 which I have on hand, the following can be found:

Unemployment continues to be a matter of intense concern to the Government and will remain a primary focus of attention and action. Co-operation with the business and industrial communities will be extended even further to ensure a favourable business climate. As the economy continues to gain momentum, the private sector will be able increasingly to provide jobs for those Canadians.

Those years have elapsed and we are now facing conditions which I do not have to describe. Everybody is aware of it. The number of unemployed is gradually increasing and that is getting alarming. Yet our ancestors had to fear famines as a result of bad crops in some areas. They did not have the means of transportation we have. Today there is plenty, or there can be plenty provided we know how to use it. The forces of nature man has harnessed are multiplying goods while increasingly reducing his direct participation in the production process. Progress increases the number of goods while reducing the number of producers, and yet it is felt that only the producers should be entitled to the products.

● (1732)

It seems that since we get plenty with little work, man should have abundance while enjoying more leisure. Yet nobody has even found how to provide everybody with the necessaries. We have a long way to go. We have plenty in production but scarcity in distribution. Why? Is that a natural law? Not at all. That is not even a law, that is a convention set by men, convention which could do during centuries of labour and scarcity, but which can and must be changed to adjust the economic order to the present historical situation. That convention set up as a law by masters of money and profiteers of the system is running against the progress which it is deterring. It is inhuman because it makes man become the slave of money and keeps him in an unjustifiable state of deprivation.

It is the cause of both immense physical and spiritual sufferings. In a society which distributes its benefits to such an extent in proportion to work, the situation of the poor is both terrible and inexcusable.

In order to meet the difficulties faced by low-income people, we should first of all establish a plan which would guarantee them at least the minimum income above poverty level. No other measure is more urgent. It is unfortunate that no real guaranteed income program, no real legislation establishing the guaranteed income for everyone is put before Parliament. We have been hearing about this for 10 years or perhaps for more than this, and the Minister of National Health and Welfare (Miss Bégin) sometimes suggests programs she intends to implement; this is a beginning but still far from being real guaranteed income legislation. This should exist in a country like ours which keeps pouring its wealth outside; I am not against this as I am prepared to help those who are in a difficult position, but we should be intelligent enough to organize here in Canada a system of life which would enable all citizens to look to the future with a little more confidence.

I will deal again with the unemployment problem since it was mentioned on several occasions in the Speech from the Throne. We have seen that after collating and studying various statistics on occasional, sectorial, seasonal and temporary unemployment, we now have permanent unemployment. Bill C-27 has been passed. It is a strange combination of commissioners, officials and consultants whose task seems to be a redefinition of duties and a reappraisal of the goals to get more jobs for Canadians. We wish good luck to all those who will assume administrative responsibilities in this combination. However, I am afraid this will not change the meaning of a number of provisions of the law as well as the regulations which the personnel of National Revenue, another group, use to disqualify unemployed people who experience problems with job insurability.

An employee is now required to pay back $2,500 to $3,000 benefits he has received. But the commission had found him eligible and paid him benefits.

Mr. Gauthier (Roberval): After he was found eligible!

Mr. Dionne (Kamouraska): Yes, and after some kind of summary inquiry they decided to refer the case to income tax officials and told him: "This is unfortunate, but your job was not insurable, so you must pay back the overpaid amount."

Let us put ourselves in the place of the unemployed who, after receiving benefits because he was unemployed, is being asked by the commission to pay back. But here is something worse still. He should at least have been told after the first month so he could try and get welfare. But at that time he was eligible and he got the benefits. This is quite normal in view of current circumstances, but after one year he is told he had no right, he must pay back all that money.

I have cases in my office. Anybody can check them, I will be quite happy to show that this is absolutely accurate. I appeared many times before the Federal Court. Fortunately I met very sensible judges, including one of our former colleagues here, Mr. Justice Dubé, who is now a member of that court. He realized by himself that this was unbearable, these jobs were insurable. A citizen from Saint-Jean-de-Dieu, a gentleman outside my constituency who comes to see me on occasion, was refunded $3,120 one month ago. He had been forced to borrow from his caisse populaire to survive after being denied unemployment insurance benefits because his job had been found uninsurable.

Some hon. Members: Shame!

Mr. Dionne (Kamouraska): This is senseless and should be changed. What with those irrational requirements about searching for a job, the unemployed worker should go on meeting serious difficulties. The unemployed is required to stay next to his telephone in case some bureaucrat in the manpower centre calls him. He is required to phone every possible place where some employer might need his services. He is required to go outside his community, otherwise he is told he is restricting his work opportunities to his community. He has to spend part of his benefits to move 25, 30 to 50 miles around his residence looking for non-existing jobs.

Mr. Lambert (Bellechasse): Even when they know there are no jobs!

Mr. Dionne (Kamouraska): Yes, because there are civil servants at the manpower centre, good guys. There must be good workers among them; they are paid regularly for that. Now, in my area there are two or three manpower offices. Those people are there to make inquiries, to dig up information, to find out from the employers if jobs are available. The Unemployment Insurance Commission says: you must also go to the manpower centre. And if they don't go, then they are disqualified: You should have gone. And if the fellow says he did go, he is told that that is not enough, that he should have gone to see other employers. It just does not make sense.

Here is what goes on in my area, in particular, the one I represent here in this House. I quote, with some reluctance, an editorial published in my local paper, dated August 17, 1977. It is fairly recent, I quote:

EXODUS AND UNEMPLOYMENT NO LONGER TO BE ENDURED

He tries to make somebody budge so that people can earn their living in their own area. I quote again:

For almost a hundred years now several generations of young people in eastern Quebec have had to leave their own areas to seek elsewhere in Quebec, in Canada and even abroad, the employment from which depends their sustenance and their future.

In the last few years, in this area, in even larger numbers than ever before our educated youths have left school to find themselves in a regional labour market without any job openings. That also explains the fact that these young people must leave their homes in ever-increasing numbers to find employment.

● (1742)

We must stop a moment to look at the grim reality: the old saying that in our region a young man who wants employment has to leave has never been truer for our youth in eastern Quebec in 1977. Amazingly enough, such "institutionalized" emigration seems thus far to always have been accepted as an inescapable

phenomenon. The surest way for governments to fight that exodus from economically depressed areas would be the provision of financial and technical assistance to resource development cooperatives and other community development agencies which aim at fighting economic stagnation and enabling people to make a decent living where their roots are.

The foregoing article was published on August 17, 1977, in *Le Saint-Laurent*.

I wish I had more time available to me to put it all on the record, it is so interesting. Of course, one hesitates to try and really seek ways of curbing unemployment just because our system is faulty, our financial system is both corrupt and corrupting. When one tries to do something to curb unemployment one brings back inflation. So one is faced with two evil twins—unemployment and inflation. And the government, even if it is made up of a lot of intelligent people, at least people with big degrees, does not seem to find solutions.

The fight against inflation has resulted in increased unemployment. We were told, we saw, and we are told that controls were a lot more effective in controlling the salaries of workers than consumer commodity prices. That is so true that government jugglers are not thinking about ways of making the best out of a bad situation they helped create by preparing a period of decontrol.

That is playing with words, there is no doubt about it. About Bill C-27, I would like to point out, for example, that I find the amendments contained therein are reasonably based on common sense. I should have said Bill C-24, the Immigration Act. It gave the department the opportunity to announce that immigration would be better supervised to avoid the situation where new immigrants would contribute to increasing the rate of unemployment in Canada. It is a somewhat late decision but it is based on common sense.

There is another very important point I would like to make in this debate, and it has to do with working relations which are still very deficient. During the session just ended we had glaring examples of what we should never be forced to do. However, we did it. I am talking about the legislation to send striking workers back to work after passing legislation giving them the right to strike. Those are examples of flagrant contradiction that should be absolutely avoided. We should still have enough foresight to develop a rational allocation system for existing resources, without resorting to strikes when thousands of unemployed want to work.

The agricultural sector should not be neglected either. We know what has happened there in these past few years. I therefore draw the attention of the Minister of Agriculture (Mr. Whelan), so he may use all means available to him to regularize a situation which is complicated by all kinds of jurisdictions, both federal and provincial. All kinds of things are happening but in the final analysis those producers whom the government once encouraged to produce do not receive the subsidies they can rightly expect.

Agricultural legislation oriented somehow or other, not always in the right direction, which resulted in an ever decreasing number of producers. Imposing a fine upon those who produce too much is not the best way to encourage production, at least I do not think so. There is a problem of distribution of benefits which should be granted to dairy producers. As a result of some jurisdictional disputes, a large number of producers who would otherwise be eligible are deprived of subsidies. This issue of legal difficulties should be solved, however so that those who have listened to government authorities asking them to increase their production become eligible.

I have also noted that the Speech from the Throne deals with an issue which is of great concern at present among the Canadian people—national unity. A lot of things were said in this regard and this issue is referred to on every possible occasion.

Mr. Lambert (Bellechasse): What is national unity?

Mr. Dionne (Kamouraska): Of course, I, for one, would prefer the words "national harmony" but the fact remains that the Speech from the Throne deals with national unity. I will quote in particular this excerpt:

The government dedicates itself profoundly . . .

Of course, the government is taking all the steps it can.

. . . to the re-discovery of the spirit of unity.

Can you imagine they do not even have any spirit of unity. It is essential and it is time to discover it.

It wishes to learn from all who are interested in Canada and who have thoughts on how it can be made a better place in which to live.

First, I would advise those who are looking for a spirit of unity to direct their research work to introducing legislation to allow the present generation of Canadians, who inherited from those who have colonized Canada and have given them the country they are living in at present, legislation that would allow them to live as heirs and not in debt as they are at present.

Following the political events of November 1976, the debates have too often concentrated on national unity. One should not forget problems like unemployment, inflation, even though I think this word has been coined to try and offer an easy explanation to financial difficulties. One should not forget all the other problems we face and engage in a debate with a government leader because of the elections of last fall, about which too many people have been uselessly seething with excitement. Let us establish a suitable legislation for Canada, and this problem of unity, of harmony will be automatically settled. When people are happy, there is obviously no trouble, but we must start our job so that Canadians can be happy in their country.

I think it would be wiser to pass legislation which would allow Canadians of each province to live like genuine heirs, as I said before, and I say it again, as genuine heirs instead of being constantly in debt, by the establishment of a fair sharing of the resources with which Canada is so generously endowed. History decided that we would live together on this territory. It is inconceivable that Canada, which is the product of a long lasting collective work, could go suddenly all to pieces. We can foresee occasional events which will prevent such a catas-

trophe. The province of Quebec belongs to the whole of Canada, and Canada belongs to Quebecers as well as to the citizens of the other provinces of the confederation. Canada needs Quebec to keep its identity, and Quebec needs the rest of Canada to keep its own.

● (1752)

I shall close my comments with a brief passage from an article by Jean-Marc Poliquin published in the newspaper *Le Quotidien* of May 14, 1977, in which the author reported words spoken by Mr. Gordon Robertson during a speech before graduates of Dalhousie University in New Brunswick.

French Canadians will perhaps risk poverty to recover their dignity. A proud people cannot be bought—

I believe I still have time to express my convictions in these circumstances. I have followed as much as possible and as closely as possible the debates of federal-provincial conferences where people have always talked about the allocation of taxation powers. Finally, this is nearly always the subject that is discussed during those conferences.

I have here the text of the federal-provincial conference of January 14, 1941, I repeat, 1941! At that time, the British Columbia Premier, Mr. Pattullo, and I could mention premiers from other provinces, said the following:

Money, of course, is at the root of this whole question. While monetary measures should be based upon the productive capacity of our people, the productive capacity of our people can be amplified by wise monetary measures and other considerations.

Those were the words of the premier of British Columbia at the time.

Mr. Lambert (Bellechasse): Was he a Liberal, a Conservative or what?

Mr. Dionne: I think he was a Liberal.

I shall come back to a Social Credit premier of the time, because we must not forget that this premier, whose speech at the federal-provincial conference has already been quoted, Mr. William Aberhart, became premier of Alberta in 1935, in the middle of an economic crisis, at a time when a certain party made up the governments of all the provinces and of Canada. At that time they had no answer to give to those who wanted advice on various means which would help create new activities for Canadians. But the answer was always the same: not enough money. That had always been their regular response, their classical answer. The premier of the Province of Alberta used to say, back in 1941, talking about the British North America Act, as I stated before, that problems of unity, of harmony and diversity would quickly be solved if all Canadians could rest assured that they could live and shape their future according to their desires.

I will now quote you the remarks made by the premier of Alberta:

I do not believe that the British North America Act, or confederation, or whatever you like to call it, has been responsible since that time for the three D's which have marked the industrial history of some of our provinces—I mean,

[Mr. Dionne (Kamouraska).]

decadence, debilitation, and death. I do not believe that confederation was the cause of these things, but I avow—

And at this moment he was addressing himself to the man who has always been the president of such conferences, namely the Prime Minister of Canada.

. . . sir, that something has been responsible for the awful plight that has settled upon the provinces. I notice sadly that the Ethiopian is still at large; the blight continues.

And he said further, and I quote:

Now, what is the job of each of us at this moment?

And at this point, I remind you that all the premiers of the provinces were together with the Prime Minister of Canada.

Is this conference a ration line, where we are to receive our dole, or is it a place in which each must grab all that he can to carry away with him? Is it not rather a conference to which we are privileged to bring, for the benefit of the Canadian nation, the combined gifts of thoughtfulness, wisdom, foresight, vision, tolerance and understanding with which we Canadians may be endowed?

Is this not our golden opportunity to lay the foundations for the never-before realized gifts of fraternity, freedom, equality of opportunity, and, what is also important, financial security? We are here, honourable chairman and gentlemen, I take it, to make it possible at some near future date to formulate for Canadians a series of decisions which will give them security in old age and the right to enjoy, according to their needs, the abundance of food and clothing and the comforts of adequate and sanitary shelter which the limitless resources of this great dominion can provide. We are here, I assert, to establish a heritage of education for those who seek to learn; of health for those who suffer pain or disease; of security and deliverance from debt for those who have built homes in their prime of life and who may face eviction and the loss of their sacred firesides when the lean years descend.

I conclude that quotation from the Social Credit premier—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his allotted time has expired unless there is unanimous consent.

Some hon. Members: Continue!

Mr. Deputy Speaker: Is there unanimous consent to allow the hon. member to continue his remarks?

Some hon. Members: Agreed.

Mr. Dionne (Kamouraska): I thank my colleagues for that courtesy. I have almost finished my remarks. What I have to say is very important. It reminds me of historical facts and we are presently discussing the problems arising from confederation, adopted regulations, discussions that first ministers had at various stages of our history. I quote the premier from a province which succeeded in repaying its debts, the only province which repaid its public debt under the scheme of things we have presently. I quote the remarks of that premier and I conclude that quotation by saying:

We are here, I believe to draft a scheme of things for the Canada of the future, a scheme of things which will bring to that Canada a standard of justice which shall place human values above dollar values, a scheme of things that will provide for our fighting heroes when they return a standard of national viewpoint which shall not only recognize, as you have publicly stated . . .

—desirable and financially possible.

. . . which shall further decree that that which is physically desirable is financially possible . . .

If the people who were present at that conference, from the Prime Minister of Canada on, had directed legislation we could have reorganized the wrong financial system in which we are struggling. We are asked to make suggestions, to help rediscover unity. As Mr. Aberhart pointed out at that time, the only way to foster real unity and national harmony is to provide every Canadian with the opportunity to make a decent living. That is the only way we will find our way back to unity. The *Canada Gazette* lists all bankruptcies between April 1 and May 30, 1977. There are hundreds, thousands of them and they are caused by an inadequate financial system which we are suggesting should be changed.

Mr. Lefebvre: May I call it six o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, it is a great pleasure for me to have the opportunity to participate in this important debate. First, I should like to congratulate the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpèque (Mr. Wood) the mover and seconder of the Address in reply to the Speech from the Throne. I believe they have both delivered excellent speeches. They are very representative of their constituents and of this great country, Canada.

[*English*]

Although I could have spent the time allocated to me on broad national subjects, I have chosen instead to bring to the attention of this House, once again, the major concerns of my constituents on a local basis.

[*Translation*]

The issues of most concern to the citizens of this large constituency which includes about 50 municipalities from three provincial counties, Pontiac, Gatineau and Labelle, are related to the economy, and wherever they live, most of them are more interested in the possibility of job creation than in anything else. Certainly, they are concerned about the future of our province and of our country, but I am under the impression that the majority feels there are many things to be done in order to improve the living conditions. I should like, Mr. Speaker, to draw the ministers' and the members' attention to several questions of concern to this population.

[*English*]

The main concern over a large part of Pontiac in the last few years has been the future of Hilton Mines and its employees. This mine, which employed 350 persons at full production, has closed down its operations since this spring. Valiant efforts were made by a lot of people to find solutions in trying to keep the mine and mill in operation.

On March 27, 1974, when rumours of its closing became more and more numerous, I called a meeting to initiate discussion on the future of the mine and its 350 employees. This meeting was held in the county building in Campbell's Bay, and interested persons from the union, company, municipalities and the federal and provincial governments discussed the problem in depth. As a result two committees were set up: one to study industrial questions, and the other for manpower questions. Both these committees accomplished a great deal in bringing to both levels of government the facts and the seriousness of the situation. However, due to market conditions and cost of production, and in spite of many efforts made to find ways of continuing its operations, the mine finally had to close down completely.

All of us involved in the discussions which took place are of the opinion that the site on which the mine and the pellet mill are located would make an ideal site for an industrial park. The SAO, or Western Quebec Development Corporation, is preparing a report on this possibility. Being within an hour's drive from the Hull-Ottawa area, there is hope that new industries could be located there, helping to rebuild the economic base by providing job opportunities.

● (2012)

Modern highways and access roads for development of forest resources, tourism and other industries are of continuing interest. The citizens of the area are still waiting for the provincial government to decide finally to build a connecting road to link Pontiac County and Témiscamingue County. Many times in past years I have had opportunities to bring this to the attention of federal officials, including the Minister of Regional Economic Expansion (Mr. Lessard). His department is ready to study a proposal from the Quebec government if it is presented under a federal-provincial program. I am sure it will be received in Ottawa with a great deal of interest. As everyone knows, the Canadian government could pay up to 60 per cent of the cost, if such a road project is put forward by the Quebec government on a cost-sharing basis.

[*Translation*]

The possibility of opening the Ottawa river to pleasure boats from Montreal to Témiscamingue is another project in which I earnestly believe, since a study requested by the hon. member for Renfrew North-Nipissing East (Mr. Hopkins) and myself has shown that such a project, once carried out, will have a tremendous economic impact in that region through direct job creation in the tourist industry and related services. People in that area have shown their support of and their interest in that project at three public meetings, and all municipalities, through resolutions, have supported my colleague and myself. I will pursue my efforts in that direction in the hope that the new Minister of Indian Affairs and Northern Development (Mr. Faulkner) will also endorse such a project and that the specifications to circumvent the major obstacle between Lake

Deschênes and Chats Lake will be drawn up soon because it is the key to this whole tremendous project which, if carried out, would open a vast historical river to thousands of tourists who would like to explore it and holiday on its shores.

Mr. Speaker, the expectations of the people in the northern areas of Gatineau and Labelle were partly met when it was announced that the federal and provincial governments had signed agreements to improve the system of roads. There is no doubt that a modern highway from Sainte-Agathe to Abitibi, through the northern areas of Labelle and Gatineau, will have major economic effects, and this announcement might in turn generate a series of investments to create still more jobs. The announcement that an access road would be built between Témiscamingue and Maniwaki by the Ottawa and Quebec City governments, under a shared-cost program, has caused much enthusiasm, for this road will make resources more accessible and attract a greater number of tourists to a large area which is already famous for its lakes and forests. I suggest, however, that this road is but a link in the chain of similar roads which are most needed between the counties of Pontiac, Témiscamingue and Gatineau, which I have indicated to the Standing Committee on Regional Economic Expansion. We are counting on similar announcements within the next few years, so that the rural area on the Quebec side of the Ottawa River may finally be endowed with the installations which are necessary for its economic development; this area is rich in natural resources, and the projects which have been announced are the first of several for which the people had been asking for a long time.

In order to bring new jobs in that area, a lot of people are interested in the establishment of a federal penitentiary, and applications by Maniwaki, Grand-Remous and Mont-Laurier are now being considered by the Department of the Solicitor General of Canada. As you know, Mr. Speaker, I have taken personal interest in this matter for a long time and I agree with the fact that the establishment of such a penitentiary, with the permanent jobs it would create, would be very profitable to this area; if built, it would serve the whole Outaouais district, Abitibi and northern Laurentians.

Mr. Speaker, the Canadian Pacific made an announcement in May saying that they intended to ask the Canadian Transport Commission permission to abandon its railway service between Hull and Maniwaki and, a short time ago, the section between Sainte-Agathe and Mont-Laurier.

I immediately spoke against this and I am very pleased to see that the citizens in my area reacted at once through their mayors, aldermen, chambers of commerce, etc. I think that a lot of people will attend the public hearings in which the demands of the Canadian Pacific will be examined and that valid reasons will be put forward to prevent the abandonment of these lines. Instead of discontinuing its service, the Canadian Pacific should examine and find means to improve it. The citizens of this area feel that the Canadian Pacific has done nothing for years to maintain, improve or modernize its equipment and that this is why users become increasingly scarce. So we begin to have a vicious circle: less service, fewer users and fewer customers, still less service until complete discontinuation.

The Canadian Pacific could also restore its passenger service in the area for people residing in the rural part of the Ottawa area and who go every day to Hull or Ottawa to work, with a service in the morning and in the evening and further trains on weekends for skiers and other sportsmen and for the numerous visitors.

This is not the right time for the Canadian Pacific to think of discontinuing its service but rather to think of offering an ever more efficient service to the people of this area, a service which meets the needs of modern life. These lines are very important. If they are abandoned, this will have very adverse effect at the very moment when economic development attracts more and more interests.

[*English*]

The need for more industry in this vast constituency is apparent, and I am happy that the Department of Regional Economic Expansion has always studied with care the applications submitted by interested persons for grants. The area eligible for grants was enlarged during the past year, and new efforts are being made to enlarge it once again. DREE has played in the past and will in the future continue to play an important role in the expansion of job opportunities in this area.

Agriculture continues to occupy an important place in the economy of the region. More and more beef production is taking place, and there is a well established dairy industry supplying both industrial and fluid milk. I sincerely hope that the quarrels between Ottawa and Quebec on the hold-back of subsidies is solved soon. I do not believe the producer should bear the financial burden of seeing his payments lowered and millions of dollars being held in trust by the Quebec Federation of Milk Producers until the quarrel is settled. This is a constitutional question, and a way must be found to pay the producer the fullest amount possible until a solution to the question of jurisdiction is found.

Discussions are also taking place in various areas of the constituency as to the feasibility of establishing a slaughter house and sale barn so that local beef producers could have an outlet in their own district operated by themselves on a co-operative basis. I congratulate these people and, if plans do go ahead, I am sure officials of Agriculture Canada and DREE will listen carefully to any requests for aid.

There is great potential in the constituency of Pontiac for development in the fields of agriculture, tourism, forestry and industry. I will continue to support valid propositions to help expand the employment base in every section of Pontiac.

Earlier in this speech I mentioned the need for modern highways and access roads because they are very important to the future of my area. Hon. members will recall that in 1972 the NCC and the provincial government signed an agreement to upgrade all the highways in Quebec within the national capital region. Great strides were made in extending a modern highway 148 from Wyman to Hull and a new one from Hull

toward Wakefield on a shared cost program between the two levels of government. However, the new provincial government has blocked further construction of these two highways. I believe this is a backward step; everyone knows how badly they are needed. Over the years I have brought this need to the attention of the NCC officials many times, and no one applauded more than I did when the 1972 agreement was announced. I trust that the government of Quebec will reconsider this decision and that construction will start again soon on both of these important highway links.

● (2022)

Another program which has had great success in the area, Mr. Speaker, is rural RRAP, the Residential Rehabilitation Assistance Program, to upgrade the homes of residents of Canada's rural areas. This program, financed by Central Mortgage and Housing Corporation through loans and grants, has permitted the upgrading of many homes in the designated municipalities occupied by low and middle income families.

Not only are the homes made more comfortable and habitable, but jobs are created in the homes being repaired as well as in the manufacturing of building materials and sales outlets.

I trust that the government will continue this program until all the municipalities become eligible and have an opportunity to benefit from it.

[*Translation*]

Over the long term, Mr. Speaker, there are a whole series of projects that can help create jobs in that area. Over the short term, Canada Works Program, the LIP program, has had considerable success in the past and should again this year thanks to many projects from one end of the riding to the other. The millions of dollars recently spent have created hundreds of jobs while helping with the building of many community, municipal and other centres, and offering numerous services previously non-existent in those areas.

To hon. members who do not believe in those programs and who think that people are less interested in them, I should like to say that the second phase of the Canada Works Program has attracted this year more applications than ever before; at the present time, there are 151 applications for a total amount of $6.7 million though the budget for the riding has been set at $2.5 million only. Inevitably, many good projects will have to be turned down or cut down for lack of funds, despite the fact that the budget was increased this year to $2.5 million. Fortunately, there is a third stage and those who wish to make an application can do so until January 27, 1978.

These programs have a considerable effect in a rural environment and I congratulate the Minister of Employment and Immigration (Mr. Cullen) and the government for introducing them. I shall continue to support and defend them and I will do my best to make the minister more aware of the needs of the people of this riding.

I think, Mr. Speaker, that the topics I have referred to in this speech demonstrate clearly that local people are concerned with a lot of projects. They are also concerned with the future of their province and its position within Canada, but when one is looking for employment, one has understandably less time to think about the constitutional issue. Most are federalists and quite willing to settle the constitutional issue as soon as possible for it is obvious that the atmosphere created by the Parti Québécois does not contribute to the discussions of industrial expansion or other matters.

I am not among those who think that separatists could disappear forever in a full employment situation, but the unemployed can wonder about their future in this country, Canada, and whether federalism is contributing to unemployments or if it helps in this regard. I am quite sure most of them feel it is helping a lot.

[*English*]

National unity, Mr. Speaker, is everyone's business and I encourage and applaud all those persons in my constituency who are participating in movements to promote it. I am sure we shall beat back the separatists, but vigilance is the password and every citizen must participate fully in the debates ahead.

Canada was founded by our forefathers with belief and trust; we must not let it fall by disbelief and mistrust.

[*Translation*]

If Canada ever needed willing people who have confidence in their future, it is today. I am convinced that most Quebecers have such confidence and will do their duty for the sake of the future of a united country.

[*English*]

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, at the outset I should like to add my name to those who have congratulated the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) on the capable manner in which they moved and seconded the Address in reply to the Speech from the Throne.

I should also like at this time to express my own appreciation, and I am certain I speak on behalf of my constituents as well, for the honour that Her Majesty bestowed on Canadians in general, and parliament in particular, by gracing us with her presence in our nation's capital during her Silver Jubilee Year and by so eloquently reading the government's Speech from the Throne.

Although the pageantry surrounding the Speech from the Throne is always exciting and most impressive, particularly with the presence of Her Majesty the Queen and His Royal Highness the Duke of Edinburgh, the intent and promise of the words cannot be taken seriously if based on former speeches under the jurisdiction of this administration. There is a sense that one has heard it all before. Indeed, when I witnessed the Speech from the Throne as a new member of parliament some five years ago, I was impressed and excited with the multitude of promises made and the many words exulting success and hope for Canada and Canadians in every field and every walk of life.

Unfortunately, my naive glimmer of expectation at that time was short lived and my hopes shattered as I quickly realized that what this administration outlined in the Speech from the Throne was merely a series of hollow words outlining false expectations of which very few, if any, were to materialize.

That Speech from the Throne five years ago was not an isolated incident. One can simply look at the record of subsequent Speeches from the Throne and budgets, as well as Liberal campaign promises, and conclude that time after time the present government has not lived up to its promises. It continues to make promises and continues to break them to the point of misleading the public. We do not have to go back five years in order to prove that.

I am sure all hon. members remember the last election campaign with the Prime Minister (Mr. Trudeau) swearing up and down that income and price controls were not an effective way to battle inflation, and saying that it was very wrong indeed of the official opposition to advocate a 90-day price control program. It should be remembered that it was a 90-day program we were proposing. After the Prime Minister received his mandate, overnight he saddled Canadians with the most stringent and incomprehensible wage and price controls program imaginable. In fact the government was so unorganized that it has taken over two years for it even to consider decontrols. Even today an aura of uncertainty exists in this regard. There are dozens, in fact hundreds of examples of unkept promises and examples of deceit by the Prime Minister and his government. Some of them, like controls, are premeditated indeed but, in fairness, I must also add that some are made, I am sure, inadvertently.

Members will recall the memorable occasion less than two years ago when the Prime Minister, on national television, told the nation in all seriousness, and I assume in good faith, that one of the main causes of domestic inflation was excessive government spending. He went on to outline a strict program of reduced expenditures by his government. People were happy to hear the Prime Minister taking government spending so seriously. Indeed, members on both sides of the House were pleased with the promises the Prime Minister made to the public at that time.

● (2032)

Unfortunately, once again this did not come out the way the Prime Minister promised. The government's budgetary deficit in the fiscal year 1976-1977 alone totalled $6.3 billion, a growth rate of more than 50 per cent over the previous year, hardly a figure reflecting the government's promise of restraint. Today the Minister of Finance (Mr. Chrétien) himself is unable to forecast an improvement in this regard, although the throne speech in a number of places makes reference to government restraint. A predicted deficit of $9 billion this year and $12 billion next year, a prediction that is made by the government itself, is not much restraint.

One can also recall the Prime Minister's famous phrase which has been repeated quite often but which I want to quote again. This is what we are still talking about today. The Prime Minister said, "We will wrestle inflation to the ground". Not only has this not been accomplished, but indeed today our inflation rate is somewhere around 8.4 per cent and rising, far from the projected 6 per cent figure, which makes a sad commentary on the Prime Minister's famous quote. Now the Prime Minister has reversed his position and is blaming everyone but himself and his cabinet for the growing inflation.

The Prime Minister of any country must be trusted and respected when he comes out with statements, and the ones I have quoted are but a few of the kinds which our Prime Minister has been making. Limitation in time will not permit me to refer to all the unkept promises he and the Liberal administration have made over the past years, but it is becoming increasingly difficult for Canadians to trust and respect this Prime Minister after observing the record of his leadership. How can we respect him when recently, in reply to students in Toronto concerned about future employment possibilities in Canada, in a question and answer period—I am sure hon. members recall this—the Prime Minister said "If you don't like it here, you can leave the country and go elsewhere"? This country can no longer afford to have a leader of that calibre.

Let me sum up my feelings in this regard by quoting a recent editorial in one of Toronto's daily newspapers which concluded with the following paragraph. It is from an issue just last month. The paragraph reads:

> The whole mess contributes to the conviction that Trudeau is the worst Prime Minister in our history and the person, more than any other, who is destroying Canada. He has to go—for the sake of our country . . .

Some hon. Members: Hear, hear!

Mr. Caccia: Name the newspaper.

Mr. Hnatyshyn: The Davenport *Times*. You remember that.

Mr. Jelinek: I see I have woken up the members opposite. They do not like to hear the truth.

I will talk about the Prime Minister a bit longer and upset hon. members opposite a little more when I try to tell them a few more things which they are trying to forget. The economic situation in which Canada finds itself, as well as the situation with regard to national unity and our whole way of life, cannot make the Canadian public forget what this Prime Minister has been doing to this country and where he has been leading it.

Some hon. Members: Hear, hear!

Mr. Jelinek: Before I leave the subject of the Prime Minister for more pleasant subjects I would like to place on the record, if I may, some background documentation which is not new. It has been printed in the past. It was researched by former RCMP undercover agent Patrick Walsh and printed in the Canadian Intelligence Service publication, prior to his becoming the Prime Minister of Canada in 1968.

An hon. Member: Not again!

Mr. Jelinek: I will attempt to be brief and outline in point form some of the background of the individual who has probably become the most powerful leader and Prime Minister in our nation's history.

An hon. Member: Say this outside the Chamber.

Mr. Jelinek: I will say it both inside and outside the House, if the hon. member wants me to.

I will quote from this document some of the background of the right hon. gentleman who is now our Prime Minister. It reads:

1940: booted out of the Canadian Officer Training Corps (COTC) during the war for lack of discipline.

1941: associated with anti-war and red supported Bloc Populaire in undermining war effort.

Mr. Boulanger: Aren't you ashamed of yourself? This is small time politics.

Mr. Jelinek: The document goes on to read:

1945: enrolled at Harvard, spawning ground of leftist intellectuals—

At that time.

An hon. Member: Oh, God!

Mr. Jelinek: It goes on:

1950: was in Shanghai when the communists took over, and became a rabid admirer of Mao Tse Tung and his red regime.

1951: back in Montreal, he launched the leftists publication Cité Libre. Among the well known reds who collaborated, professor Raymond Boyer (convicted of Soviet espionage in the Gouzenko case); Stanley B. Ryerson, leading theoretician of the Communist Party and editor of Marxist Review, Pierre Gelinas, Quebec director of agitation and propaganda of the Communist Party.

Some hon. Members: Oh, oh!

Mr. Boulanger: This will get you nowhere.

Mr. Jelinek: I will continue to read this very interesting document. It goes on:

1952: led delegation of Communists to the Moscow Economic Conference.

Mrs. Sauvé: I went to China in 1973. Am I a Communist?

Mr. Jelinek: It goes on to read:

1953: barred entry into the United States as an "inadmissible" person.

1955: launched "Le Rassemblement", a leftist "united front" rally in Quebec, but the CCF refused to join because it was too leftist.

Some hon. Members: Oh, oh!

Mr. Jelinek: It goes on to read:

1960: led a Communist delegation to Peking for red victory celebration.

1961: "Social Purpose for Canada", the socialist handbook written by Marxist and NDP leaders, was published containing a chapter by Mr. Trudeau in which he lauds Mao Tse Tung, urges socialists not to "water down" their socialism but to make its approach "more flexible", and to welcome federalism "as a valuable tool which permits dynamic parties to plant socialist governments in certain provinces, from which the seed of racialism can slowly spread".

Some hon. Members: Oh, oh!

An hon. Member: Shame on you!

The Acting Speaker (Mr. Ethier): Order, please. Those seeking to be recognized should stand in their places and the Chair will recognize them, but at present the hon. member for High Park-Humber Valley (Mr. Jelinek) has the floor.

Mr. Jelinek: Thank you, Mr. Speaker. If the hon. members across have any complaints and want to support or deny some of the things I have been saying, let them stand up. We now move on to 1962.

Mr. Guay (St. Boniface): Mr. Speaker—

Some hon. Members: Oh, come on, Joe, sit down.

The Acting Speaker (Mr. Ethier): The hon. Minister of National Revenue (Mr. Guay) is rising on a question of privilege?

Mr. Guay (St. Boniface): The hon. member said that if anyone disagreed with him, he should stand up and say so. I disagree totally with all the things the hon. gentleman was saying because they are nonsensical.

The Acting Speaker (Mr. Ethier): That is not a point of order.

Mr. Jelinek: I do not want to state publicly whether I agree with the hon. member, but most of what he says in the House of Commons should be ignored.

Some hon. Members: Hear, hear!

Mr. Jelinek: We now move on to 1962.

Mr. Andras: That is absolute McCarthyism.

Mr. Jelinek: The document goes on to read:

1962: Amidst protests, this millionnaire leftist succeeded in gaining appointment as a professor at the University of Montreal, which became a pro-Castro stronghold.

No wonder that he shouts "viva Fidel, viva Cuba". I would rather he shouted "viva united Canada".

Mrs. Sauvé: He speaks a few languages, which is more than you can do.

● (2042)

Mr. Jelinek: In 1963 he campaigned with the NDP against the Liberals whom he called idiots because they had decided to accept nuclear defence weapons. By 1965, having decided to use the Liberal party as an instrument to propel himself to political power, he was elected to parliament for the first time. With that background of our present Prime Minister and the Liberal record under his leadership, I need not say more on that matter.

The fact is that even in this country with its abundance of natural resources, its wealth of technology and know-how, its strong character and diversity of its many cultures and peoples, we nevertheless unfortunately find ourselves at a crossroads of the future of our country. Be it in the changing aspects of our society, national unity, or the economy itself,

future generations will have to depend on whatever course we happen to take within the next few years or perhaps even months.

National unity is, of course, a major factor. By way of numerous regional and national polls, it is evident that the majority of Canadians want our country to remain united despite some of the differences that are being magnified by some. These differences should unite, not divide. All provinces should be treated equally, instead of giving special status to any one province. It is therefore unbelievable that the government continues to push bilingualism in nine provinces, with some success and I am happy for that, while at the same time allowing Quebec to become the only unilingual province in Canada.

Mr. Olivier: That is not true.

Mr. Jelinek: The hon. member says that is not true. It is the only province in Canada where people do not have a choice of what school to attend. They have a choice in Toronto of what school to attend, whether French or English. They do not have that choice in Quebec City.

Mr. Olivier: They do not have a French school in Toronto.

Mr. Jelinek: They have one in Toronto as well as in Etobicoke, Oakville, Hamilton, Guelph, and right across the country.

I repeat, national unity is an important factor. However, it is the economy that is the major issue that parliamentarians, and indeed all Canadians, should be concerned about today. I was pleased that the result of a recent questionnaire which I sent to my constituents confirmed this feeling. In fact 76 per cent of my constituents who replied to my questionnaire indicated that the economy, and not national unity, was the most important general issue facing Canadians today. This is what we in the Progressive Conservative party have been saying for quite some time, none more emphatically than the Leader of the Opposition (Mr. Clark) who continues to outline specific remedies and recommendations in this regard. Just last week in this Chamber my leader outlined a number of positive proposals which would help stimulate the economy and reduce inflation.

An hon. Member: Which one?

Mr. Jelinek: We only have one leader, and he is on his way up while yours is on the way down.

Some hon. Members: Hear, hear!

Mr. Jelinek: The Leader of the Opposition does not whine, moan and blame the state of our economy on international forces or the lazy and lackadaisical attitudes of Canadians the way the Prime Minister does, putting the blame on everyone except himself and his cabinet. He, instead, continues to introduce realistic and positive programs which, if instituted, would reverse the negative trend that we have been living with in the past years.

[Mr. Jelinek.]

This party has outlined its policies in all general areas, not only during this debate but over the past six to 12 months. Therefore, instead of repeating some of the policies that have already been dealt with by other party spokesmen—

An hon. Member: When?

Mr. Jelinek: If the hon. member opposite wants to find out what they were, he can read *Hansard* over the last week. He will find the policies in *Hansard*, especially those that deal with the economy.

Instead of repeating some of the policies that have already been dealt with by other party spokesmen, I should like to dwell briefly on a subject matter that I personally am responsible for on behalf of my party, namely, small business.

By the government's own admission, small business is responsible for 60 per cent of the labour force in Canada today. This obviously constitutes the largest potential employment sector by far, and therefore it is twice as incredible that no mention of this sector was made by the Minister of Finance (Mr. Chrétien) last Thursday in the so-called mini-budget, and only three words, Mr. Speaker, were dedicated to small business in the throne speech itself. That is a shame. It is a disgrace. It is an unfortunate situation as far as small business, which forms the backbone of our economy, is concerned.

With roughly one million Canadians unemployed, and with all indications pointing to an increase in this figure in the coming months, it is incredible that the government continues to ignore this vital sector which undoubtedly forms the backbone of our economic way of life. It is true that the Minister of State (Small Business) (Mr. Abbott) inherited a ten point program from his predecessor which, after years of studies and consultations, generally concludes that the government should further study some of the problems related to small business.

I must give some credit, however, because this is the first time the government has ever given any indication that it knows small business even exists. However, further studies with no specific program is no help today. Studies and consultations have been made. The time has come for some positive and realistic incentive oriented programs.

Let me go to the ten point program that committed the government to continue to study, examine, and analyse specific aspects of small business. The points refer to existing programs, namely, Enterprise '77 and FBDB, and the tenth point which reads in part "efforts will be increased in order to make useful statistical information available" only adds to the already heavy paperwork burden imposed on small business by all levels of government—in short, Mr. Speaker, not one new point, not one new program; not one specific recommendation which would in any way, shape or form assist the already ailing small business community in Canada.

After studying that aspect for one and a half years, since the former minister was appointed to that position, even the government's own definition is vague and impractical. On the other hand we, in this party, after much consultation with small business representatives in every region of Canada, as

well as small business officials in other industrialized nations such as the United States, Japan and West Germany, have time after time made specific and detailed incentive oriented recommendations in this House and elsewhere which, if implemented, would undoubtedly benefit the small businessman and therefore the economy as a whole.

I have given before, but allow me to put on record again and this time in point form only, some of the recommendations that we in the official opposition have been making for some time. I would like the new Minister of State (Small Business) to look at them and seriously consider their implementation in the very near future.

First, the definition is an important one. After studying small business administration around the world, we felt that the most workable general definition is that of the United States Small Business Administration which defines small business as an "owner-managed enterprise not dominant in its field". Further specific definitions can easily be outlined according to individual programs such as net worth, sales, number of employees and so on. We cannot have a general definition by number of employees like the government has recommended. What about foreign subsidiaries? What about small subsidiaries of large multinational corporations? They would fall within the small business definition. It cannot be.

Second, we would establish a small business secretariat which would function independently of the Department of Industry, Trade and Commerce. The secretariat's primary function would be to help small business cope with government and compete with big business. This the Department of Industry, Trade and Commerce does not and cannot do. It is too big a department to oversee this very important segment of our economy. The secretariat would also put forward the interests of small business to other government departments and agencies, would assist small business with existing as well as new programs and cut through the existing maze of bureaucracy.

● (2052)

Thirdly, we would develop a small business act, a sort of unbrella act which would encompass all federal government matters dealing with small business and provide much needed incentive in the form of specific programs and/or commitments, such as some of the following. I realize I am repeating these, but some hon. members did want to know. Perhaps they do not read *Hansard* so I will give them the information at this time.

The first commitment would be (a) to change government tendering practices so that small business supplies a portion of government purchased goods and services. This is better known as the "set aside programs".

(b) We would reduce considerably obsolete and/or duplicate form filling regulations, known as the "paper work burden". True, the government has taken some steps in this area, but not nearly enough. Small businesses are swamped with bureaucratic paperwork and regulations, and it is very possible to reduce, by at least 10 per cent for starters, excessive paperwork.

(c) We would provide small business investment tax credits by giving a tax credit of up to $5,000 for capital investment in Canadian-owned small businesses.

(d) We would provide assistance in the formation of small business export consortia—for obvious reasons.

(e) We would remove the capital gains tax on transfers of a business from one family member to another.

(f) We would encourage secondary manufacturing by way of tax and/or research and development incentive.

Secondary manufacturing in this country is far below its potential. It is an area where job creation possibilities are unlimited. It is an area in which we, as Canadians, have not even scratched the surface. It is a very important area.

We have also stated, Mr. Speaker, that we support in principle an employment tax credit, which in fairness I was pleased to hear the Minister of Finance touch upon in his speech last week. It is unfortunate, however, that even upon questioning he was unable to explain the government's proposal in this regard in more detail. One must only conclude that even the minister is not quite certain how this recommendation should be implemented. We certainly look to some form of legislation dealing with employment tax credit to assist in alleviating the unemployment crisis in Canada on a long-term basis, rather than continued handouts and give-aways which only create jobs for a temporary period of time.

Finally on small business, Mr. Speaker, hon. members will recall that last summer this House amended the Small Businesses Loans Act to increase the dollar value of loans as well as the aggregate amounts in the Farm Improvement Loans Act and the Fisheries Improvement Loans Act. My seatmate brought this matter up with the Minister of Finance last week, who was not aware of the fact that we were promised at the time by the then minister of state (small business) that the new interest rates would be established, again by order in council, of course—what else is new with this government—within a short period of time, rates which would be pegged somewhere between 1 and 2 per cent above prime.

This is another unfortunate example of an unkept promise. Interest rates have not been established. The Small Businesses Loans Act, as a result, is in limbo and not being properly used across Canada by our chartered banks. We can no longer afford to wait. I repeat that realistic incentive oriented options must be made available immediately before it is too late. We are witnessing today more bankruptcies than ever before in the small business sector. The lack of specific government programs in this area is helping to create record levels of unemployment. Unless we act at once, I feel we could be witnessing the beginning of the demise of small business, and therefore of free enterprise as we know it.

This would probably not bother or disturb the Prime Minister too much, Sir, because you will recall that some one and a half years ago he indicated quite clearly in interviews that the free market system will not work. This demise is not because the free market system will not work, as the Prime Minister

tries to suggest; it is because he and his government will not allow that free market system the freedom to operate properly.

Before I conclude, Mr. Speaker—

The Acting Speaker (Mr. Ethier): Order. Although I heard the hon. member say he was concluding, I might seek the unanimous consent of the House to allow him to continue.

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): I must inform the hon. member that his time has expired.

An hon. Member: Who said no?

Mr. Guay (St. Boniface): I did.

Mr. S. Victor Railton (Welland): Mr. Speaker, I was not too sure that I was listening to a member of the House of Commons when the previous speaker began his venomous and virulent attack on the Prime Minister (Mr. Trudeau), but I think probably the less said about it, the better. We should forget it.

It is gratifying to speak in this debate for a sentimental reason, namely, the fact that Her Majesty, as one of her Silver Jubilee official duties, graciously read the Address in the other place. Most Canadians are accepting the monarchy as a symbol of unity in this country and as a rallying point for our diverse Commonwealth. The force for good it maintains is largely because of the courage and concern our Queen displays.

I join, Mr. Speaker, with all members of this House in giving hearty congratulations to the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) on their eloquent and original orations in moving and seconding the Address in Reply to the Speech from the Throne.

As usual, Mr. Speaker, my contribution is a chance for me to give my own opinions on both constituency and national matters. Tonight I remind the House and Canada of their good fortune in having a Prime Minister who exhibits so much good judgment and clear thinking in handling the very difficult happenings in our nation at this time of crisis. His handling of our affairs is honest and courageous. Often at a cost in popularity he demands fair and just solutions to our economic and social needs, and he continually presses for true national unity. In his speech to the lawyers of Quebec he showed that Parti Quebecois policy is infringing not only on Quebec's English citizens' language rights, but also on the freedom of Canadians to live equally in, and to take part in deliberations in any part of, Canada. Thus the Parti Quebecois are restricting rights of Canadian citizens, in my opinion, unlawfully.

The new Minister of Finance (Mr. Chrétien) has gained stature by his strong and skillful defence of his "stand pat mini-budget". Mr. W. A. Wilson of the Ottawa *Journal* is rather chary of compliments, but he implied last weekend that the minister's speech was wise and statesmanlike. In these times when Canada has so much at stake, surely we deserve sane press writers and TV commentators like Wilson, people who will report all facets of news, good and bad, but mainly factual; people who will stop trying to make scare headlines and stop gloomy reporting. Most of us can do without their dubious help. We can work to turn petty catastrophies into triumph as our forefathers have always done. If the media are good citizens, they will turn their talents to positive thinking, as will our opposition in this House.

On that point, the official opposition seems to be satisfied to denigrate every good government effort. The NDP have been giving us superficial but so-called serious advice; however, Canadians know that we cannot spend our way out of unemployment. We know that to gain our rightful position we will have to work harder than ever before.

At this point I would turn from generalities to troubles we are experiencing in my own riding of Welland. Some of these exemplify social and economic trends in a wider context. To begin with, the electoral boundary commission mutilated the Welland riding and others to obtain one more needed seat in the Niagara peninsula, which now has five in all. Let me welcome these new electors right now to our new Welland riding. I am sure they will adjust and work for the good of their new constituency and the country. The commission could have found an almost painless solution to the problem but were completely deaf to the good suggestions from local interventions during hearings. To me there is something archaic about the idea of reviving three Commissioners every ten years just to have them impose completely autocratic decisions on the public. Surely, a local vote on alternatives would be a better way.

• (2102)

A happy conclusion to the abandoned canal crossing problem was achieved by the present Minister of Public Works (Mr. Buchanan), and I thank him for it. Five million dollars was acknowledged to be a fair and just settlement.

The third bridge in Port Colborne is just a matter of time. The Minister of Transport (Mr. Lang) accepts its need fully. He is negotiating with his counterpart in Ontario, but this should be completed soon. People will no doubt realize that the St. Lawrence Seaway Authority's policy is to abolish all overhead, bascule and lift bridges throughout the canal. This is the reason why the Port Robinson bridge was not replaced. A tunnel will be constructed eventually about half way between that community and Allanburg. There is some sense to the minister's asking that the federal contribution to the third bridge at Port Colborne be subtracted from the federal contribution to the tunnel in that city which will be built at a much later date.

Increase in Seaway tolls is the biggest controversial issue in my riding just now. The Chamber of Commerce, the mayors of St. Catharines, Welland, and Port Colborne, and the regional municipality of Niagara have taken a strong stand against the

move. They claim that the increases will be mainly on the Welland canal and will deter use of the canal. They claim that reduction in canal traffic is bound to occur with resulting depression to the Niagara area. The figures prepared by the Chamber are inaccurate and predicated on the prophesied drop in canal traffic. This drop will not occur.

Ships are now moving through the canal even when loaded at the ridiculously small fee of $100 per lock. These fees bring in $5 million a year and the operating costs are $20 million. The statement that the tolls could jump to $12,000 a ship is untrue. The very greatest would be approximately $6,000—and that by charging another one cent per bushel of wheat or another 47 cents on a ton of coal or ore. Freight costs for going through the canal would still be much cheaper than by road, rail, or via Atlantic or Pacific seaports. The United States government has been consulted and its studies are in agreement with ours. They see no reason to build a rival canal at a cost of two to three billion dollars. They intend to levy similar tolls soon on their own inland waterways.

On top of all this, people who complain that the government subsidizes other modes of transport should remember the following: rail gets a subsidy of five cents per mile, air receives two cents per mile. The government will now subsidize the Seaway by writing off the $625 million capital debt and the $225 million of back interest, not a bad subsidy! All the Welland canal portion of the St. Lawrence Seaway Authority wants is to be paid its operating costs.

In the Welland riding, Mr. Speaker, unemployment has become a much bigger worry than last spring. Algoma Steel has closed its Port Colborne plant, and thus put 200 men out of work. Chances of reopening are not bright because of the softness of the steel markets in the world. This last week's huge INCO general lay-off was preceded in Port Colborne a month ago by the lay-off of 375 out of a work force of 1,300. My constituents feel that a great Canadian firm has become multinational and that its decision has been made outside Canada. They feel this firm has a responsibility not only to its shareholders but to the country whose natural resources and benevolent government assistance made its growth and developing success possible. We worry that this once Canadian company may gradually develop its foreign mines and plants and make the Canadian mines and plants completely unnecessary.

How can multinational companies be good corporate citizens? That is a question, with which INCO, the unions, and the federal and provincial governments are now wrestling. In spite of this concern, the idea advanced by the NDP to nationalize the nickel industry, would open the doors to many firms which are also struggling to keep their heads above water financially and encourage them to ask for the same treatment.

In the same vein, Atlas Steels of Welland has complained to the government, through me, that a stainless steel plant in Cuba is being built with Canadian government assistance and money as help to an emerging nation. If that is so, Atlas Steels rightly asks how we can build a plant which will be exporting 40,000 to 50,000 tons of stainless steel annually when it will be in direct competition with our own plant in Welland, especially when there is such a discrepancy in standards of living? Doesn't charity begin at home? I believe there is some gap in trade policy. I think we should look into the whole policy of funding low employment areas of Canada.

The three main concerns to which the Prime Minister addressed himself were unemployment, inflation, and national unity. Though the third affects the first two they naturally must, as a preliminary, be taken together. Without trying to be pedantic or authoritative still a few main points must be evident to us all.

Commodity demand has gone down and all markets are soft. Job creation at over 200,000 cannot keep up with the growth of our labour force which is the highest in the world, and which is due to the baby boom and ever-increasing female job participation. The rates in the Atlantic provinces and parts of Quebec are chronically very high. Ontario's rate is high; the west's is just barely acceptable.

Most people except unions and big business agree on the removal of AIB controls April 1, 1978. However, decontrols will be difficult and will require monitoring. They also require union and corporation co-operation with government. In my opinion these powerful bodies are not acting as good Canadian citizens, and public opinion should be directed at gaining their co-operation with government. However, our national unemployment figure may not go up much over 8 per cent, and inflation will stay near 7 per cent this year and should reduce by 2 per cent next year.

Last spring and winter, Mr. Speaker, the hon. member for Scarborough East Mr. (O'Connell) chaired a caucus committee on industrial policy of which I was a member and which I enjoyed tremendously. Among the speakers brought before us was a Dr. Smith, a vice-president of Toronto Dominion Bank, who foresees a continual annual growth of Canada's gross national product at 3.5 per cent. In the next 15 years he believes it will double, or increase even more. This means our foreign borrowing can be carried easily and still leave enough Canadian capital to develop our pipelines and energy strategy. With the exhibition of patience, we shall see this pipeline start in about a year's time. It needs to have political agreements signed, detailed planning and pre-start stockpiling.

● (2112)

The committee realizes that the old post-war easy prosperity is over for us and the whole group of western industrial nations. One of our industrial strategies should be for our branch plants to compete export-wise with their United States head office plants. Also, these Canadian branch plants must do their own research and development in Canada. Only by pushing our indigenous technology and know-how can we rebuild our export trade.

The Minister of Energy, Mines and Resources (Mr. Gillespie) stated last Friday that only half our citizens are willing to admit that an energy crisis is at hand and building up at a whirlwind rate. He clearly pointed out that the drain on world

oil supplies by western nations is increasing Third World tensions, which in turn places western democracy's future survival at stake. In Canada he calls for reduced energy use, conservation of energy, close supervision of all energy resources, more federal-provincial co-operation, and regulation of nuclear fuel. His department is spending large sums on solar and other renewable energy development. By 1990 he expects we will have spent $180 billion on energy programs.

The Prime Minister is criticized for calling on us to stop wringing our hands and to tighten our belts. It should be clear to all of us now that he foresaw the inevitable reduction in living standards and personal expectations, that we are trying to get more out of the economy than it can provide. We have concentrated on material possessions as a way to acquire happiness. More are now perceiving the old true values. People gain materially and become poor spiritually. The belt tightening experience will do us no harm. It will make us more conscious of our needy neighbours, our human brothers and sisters.

At this trying but challenging time in our history, Canadian unity is one of our greatest concerns. It seems strange that national sovereignty for the province of Quebec is being sought through separation, at a time when nationalism as a goal is recognized to be an ever-narrowing and unsatisfying pursuit.

Mr. Deputy Speaker: Order, please. The hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack).

Mr. Alkenbrack: Mr. Speaker, would the hon. member for Welland (Mr. Railton) permit a question?

Mr. Railton: I would rather carry on than answer a question at this time.

Mr. Hnatyshyn: Remember this is all on television.

Mr. Railton: In spite of our difficulties, Canada has been doing very creditably in bringing social benefits and equal living standards to all parts of the country, in spite of their unequal resources, opportunities and haphazard development. Surely we all realize our country suffers from its northerly position, its huge size and its sparse population.

Quebec has received generous treatment from Ottawa. It is said that there are people in Quebec who harbour feelings of inferiority and hostility which really have no foundation in reality. Granted there are bigots in the rest of Canada who, just as senselessly, would let Quebec depart just to "serve them right". The three ideas consisting of total separation, sovereignty with economic association, or remaining in and participating in Confederation, if viewed logically, force us to admit that anything but full Confederation would lead to economic and political disaster, not only for Quebec, but also for all Canada.

The Parti Quebecois' unnatural hostility to the rest of Canada is even more regrettable when we see that the great multicultural group in Canada, which will soon be almost half our population, feels the need for Quebec's presence with us, just as much as do the greatest number of Anglophones.

[Mr. Railton.]

Senator Maurice Lamontagne, in a speech at the University of Montreal on April 6, 1977, demonstrated that Quebec has at every turn since the settlement of 1763 been given greater assistance from the central government than her citizens received from successive provincial governments. He made a big point that French Canada was of so little interest to France after the battle of Quebec, that she chose Guadeloupe as a colony for its sugar, rather than accepting Quebec and fighting for the fur trade in Canada. He estimated that the French could very well have won this battle. Another big point he made was that by being an integral part of Canada, Quebec was saved from sliding helplessly into the American republic where its culture and language would have been lost completely.

There has been a fortuitous economic development in Canada up until now. Only by chance did Ontario develop steel and did Quebec go for textiles and shoes.

In spite of official Parti Quebecois dissent, most of us realize that Confederation has saved both Quebec and Canada. Both entities will continue to exist only through Confederation's continuance, albeit a confederation treated to constitutional reform.

Most Canadians—and this includes most Quebec Canadians—believe in a united Canada. They feel our country is unique and has something to contribute to world peace and understanding, simply by its continued existence after so much heart-searching dialogue. At this time we are encouraged by the speeches of the Prime Minister and the Minister of Finance. They can promise this country not only a modicum of prosperity but also even a bright future. This will happen only if we relinquish our individual selfish patterns of action. In one or two years we shall turn that difficult corner in our history, but only if we are willing to work together as hard as our forefathers did to achieve Confederation 110 years ago.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. The hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack) is requesting permission to ask a question of the hon member who had the floor. Does the hon. member accept the question?

Mr. Railton: Certainly, Mr. Speaker.

Mr. Alkenbrack: Mr. Speaker, the hon. member for Welland (Mr. Railton) complains in his speech that softness in the steel market results in large lay-offs at Port Colborne. This being the case, why does the hon. member for Welland in his speech acquiesce in the increase in St. Lawrence Seaway tolls, since iron ore, the mother of steel, is the product with the largest tonnage to pay these increasing tolls on the Seaway?

Mr. Railton: Mr. Speaker, I think I answered that question in my speech, but I can answer it once again. The 47 cents toll increase on a $30 or a $40 ton of ore or on a $200 ton of steel has absolutely no effect percentage-wise on the cost of that commodity. Therefore it will have no effect on competitiveness in the export market.

Some hon. Members: Hear, hear!

Mr. Arnold Malone (Battle River): Mr. Speaker, this has been a very sad summer for Canada, and indeed it is going to be a very frightening and disastrous winter. There is no doubt about the fact that we are entering into a period in our economy when—

An hon. Member: That has already been said.

Mr. Malone: That has been said? I dare the government members to call an election. Anytime they want to call it, we are ready. They are not fooling the Canadian people for a single moment with the record they have put forward. By gosh, they do not even know how smart Canada is. Canada is ready for this election anytime they dare pull the plug, and so are we.

The last five years of the Trudeau regime have been disastrous. If you take an overlay of the record from indicators of the economy on unemployment, inflation, the devaluation of the dollar, the gross increase in taxation, and the government's take of the gross national product, and place it on to the period of time from 1962 to 1967 in Great Britain, you would have almost the identical pattern. The pattern shows that this country is on the same path Great Britain has been on, and look where we are today.

● (2122)

Hon. members opposite are scarcely worried that the government is about to go bankrupt. There are people in this nation who are full of imagination. We have people who are full of educated talent, but we have a government which will not give them encouragement to build a nation the way it ought to be built.

Our competitive advantage today is equal to the competitive advantage we had in 1969. We have to conclude that we have had a decade of waste. During the period from 1970 to 1976 unit labour costs in the manufacturing sector increased 49 per cent. In the United States they increased 28 per cent. We hear hon. members opposite regurgitating and uttering the excuse that all the nations of the world are having economic problems, that the United States dollar is being devalued and that U.S. unit labour costs are going up, but what hon. members opposite fail to recognize is that we are outstripping in a negative sense all our trading partners in the world. Relative to the United States, Japan or West Germany, we find that we are heading for economic chaos.

I remember as a child going to school being proud that our country, with only 20 million people and being the second largest nation in the world, had the second highest per capita income in the whole world. Since the Prime Minister (Mr. Trudeau) came to power we are not even in the top ten. We have dropped from being something we could be proud of to the point where we do not even rank because of the economic policy of the government, which is not to care and the government will show people how to do things. As a result Canadians have lost incentive.

In 1969, the year after the Prime Minister took power, the Canadian hourly wage 65 cents lower than that in the United States. Now, seven years later, our hourly wage is 64 cents higher than that in the United States. It is not a matter of right or wrong, because the rightness or wrongness of how much we are paid has to be relative to productivity. If we in Canada were producing more than our counterparts, we ought to be paid more. But the Prime Minister came into the House after the throne speech and admitted that it is a well documented fact that Canadian productivity is far below that of the United States. How in the world can we sell anything abroad if we charge more for our labour and, by the admission of the Prime Minister, produce less?

If the United States cannot afford to buy our products, who in the world can? We are in such a disadvantaged position on the international market that the government is looking for every avenue it can to hide itself from this economic malaise. To a large extent the whole question of national unity has been a government manufactured issue in order to hide its own faults with regard to mismanaging our economy in terms of the dollar, international trade and competitive advantage with other nations. To a large extent national unity would become a resolved issue if we did not have a million people in this country hunting for a way in which to earn their bread and butter.

An hon. Member: You sound like someone else.

Mr. Malone: The hon. member opposite says I sound like someone else. How can hon. members opposite be so callous as to sit there and not recognize the fact that a million people in this country are out of work?

Mr. Paproski: Resign.

Mr. Malone: The hon. member for Edmonton Centre (Mr. Paproski) says that if hon. members opposite do not know how badly this country is being run, they should resign because, if they do not know how badly off we are economically, they do not deserve to sit in this House of Commons.

Some hon. Members: Hear, hear!

Mr. Malone: In the six years from 1970 to 1976 unit labour costs in this country increased some 49 per cent, and in the United States they increased 28 per cent. That should destroy any argument used by hon. members opposite that we should not worry about what is happening because it is happening all over the world. Granted, the trend is there, but it is not nearly as steep on the graph as it is in Canada.

The stage set for Canada is so frightening that the government cowers at the thought of introducing a budget which would give some incentive to Canadians. Instead it shrouds its budget in a throne speech. What a cowardly way to put forward a budget! The government is afraid to admit that the course it plotted last March 31 has not worked. It is afraid to face a budget debate in this House. It is afraid to face what obviously would come about, a vote of non-confidence.

Afraid to bring in a budget, the government brought one in the back door by way of a throne speech. Can you imagine a

government in a country with economic conditions like those which exist in Canada not even daring to introduce a budget? I think that is recognition of the fact that there is no leadership in the government. In the last election campaign the issue was leadership.

Recent Liberal budgets have been like a scavenger hunt. There have been no long-term policies and no indications of long term direction for the nation. The government has prostituted its citizens. I suggest that because it over-spends. The Prime Minister tells the people to practise restraint, but there has been tremendous growth in government expenditure and tremendous growth in the civil service. What a callous attitude this government has! The Minister of Finance (Mr. Chrétien) tells Canadians to spend more; the Prime Minister tells us to spend less; the Minister of Industry, Trade and Commerce (Mr. Horner) tells us we have the strongest of all the economies in the western world. Whom in the Privy Council are we to believe?

When the Prime Minister took office in 1968, personal income tax represented 34 per cent of federal revenues. Today, 53 per cent of federal revenues come from personal income taxes. If the government is to be run on the backs of the people, the Prime Minister has no business telling Canadian citizens that they are the ones who ought to practise restraint, because that simply is not where the restraint is needed.

Everywhere we look there is waste without principle. The government decentralizes for the purpose of buying power, not for the purpose of helping the nation. The government sets up committees to study committees and to back away from the responsibility for its actions. There is no better example of that than the recent Hall Report. How tremendously discouraged Mr. Justice Emmett Hall must be at this time! He was asked to do a $1 million study, and then he found that the Minister of Transport (Mr. Lang) set up another committee to study his principal recommendation. The Hall Report would not have been required if action had been taken after the Western Economic Opportunities Conference in Calgary in 1973. However, the Hall study was set up because the government would not go along with the recommendations of the Western Economic Opportunities Conference. So we had the Hall Report. Following that there was another committee to study it.

● (2132)

Mr. Deputy Speaker: Order, please. I regret that I have to interrupt the hon. member. It being 9.30 p.m. it is my duty, pursuant to Standing Order 38(4), to interrupt these proceedings at this moment and put forthwith the question necessary to dispose of the amendment now before the House.

Accordingly, the question is on the amendment (Mr. Clark). Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the amendment will please say yea.

[Mr. Malone.]

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the amendment (Mr. Clark) which was negatived on the following division:

● (2142)

(Division No. 2)

YEAS

Messrs.

Alexander
Alkenbrack
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Balfour
Bawden
Brisco
Broadbent
Clark (Rocky Mountain)
Crosbie
Crouse
Darling
Diefenbaker
Dinsdale
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Epp
Fraser
Gauthier (Roberval)
Gilbert
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hees
Hnatyshyn
Hogan
Holmes
Hurlburt
Jarvis
Jelinek
Kempling
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Bellechasse)
Lambert (Edmonton West)
La Salle
Lawrence
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacKay
Macquarrie
Malone
Marshall
Masniuk
Mazankowski
McCleave
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Murta
Oberle
Orlikow
Paproski
Peters
Pigott (Mrs.)
Ritchie
Rynard
Schellenberger
Scott
Skoreyko
Smith (Churchill)
Stanfield
Stevens
Stewart (Marquette)
Symes
Towers
Whittaker
Wise
Woolliams
Yewchuk—75.

NAYS

Messrs.

Abbott
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blais
Blaker
Boulanger
Breau
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Drury
Ethier
Fleming
Foster
Fox
Francis

Messrs.

Gauthier (Ottawa-Vanier)	Langlois	Marchand
Gendron	Laniel	Martin
Gillespie	Lapointe	McIsaac
Gray	Leblanc (Laurier)	McRae
Guay (St. Boniface)	LeBlanc (Westmorland-Kent)	Milne
Guay (Lévis)	Lee	Nicholson (Miss)
Guilbault	Lefebvre	O'Connell
Haidasz	Loiselle (Chambly)	Olivier
Harquail	Loiselle (Saint-Henri)	Ouellet
Herbert	Lumley	Pelletier
Hopkins	MacDonald (Cardigan)	Penner
Isabelle	Macdonald (Rosedale)	Philbrook
Jamieson	Maine	Pinard
Joyal	Marceau	Portelance
Lajoie		Prud'homme
Landers		Railton
Lang		Raines
		Reid
		Robinson
		Rompkey

Messrs.

Rooney	Sauvé (Mrs.)	Trudel
Roy (Timmins)	Smith (Saint-Jean)	Turner
Roy (Laval)	Stollery	Watson
	Tessier	Whelan
		Yanakis
		Young—104.

(2152)

Mr. Speaker: I therefore declare the amendment lost.

Amendment (Mr. Clark) negatived.

Mr. Speaker: It being ten o'clock, this House stands adjourned until tomorrow at eleven o'clock in the morning, pursuant to Standing Order 2, subsection (2).

At 10 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, October 25, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

HEALTH

PROPOSED BAN ON USE OF SODIUM NITRITE IN FOOD PREPARATION—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that there is irrefutable scientific evidence that sodium nitrite used in the preparation of virtually all cured meats undergoes a chemical change in the meat, after cooking and after ingestion by humans, producing highly carcinogenic chemicals, that the increase in stomach and perhaps other cancers in North America has occurred in direct ratio to the increased use of cured meats containing nitrite and that the supposed safe level of 150 parts per million of nitrite set by the Canadian government is not based on any scientific evidence that this is indeed a safe level, I move, seconded by the hon. member for Simcoe North (Mr. Rynard):

That the Canadian government take immediate action to ban the use of sodium nitrite in the Canadian food supply, that the government direct its attention to alternative methods of meat preparation and that during the interval until the ban is in complete effect the skull and crossbones or some other appropriate warning be placed on the labels of all foods containing sodium nitrite.

Mr. Speaker: The presentation of such a motion for debate pursuant to the Standing Order can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

COMBINES

REQUEST FOR PUBLIC INQUIRY INTO ALLEGED URANIUM CARTEL—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I too, rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. My motion relates to the fact that a former deputy director of investigation and research under the Combines Investigation Act has stated in a legal opinion that only a special inquiry under the Inquiries Act can possibly ascertain the full truth about the uranium cartel, including the government's role therein, as the limits imposed by law under the Combines Investigation Act would prevent a full inquiry. I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House demands that a full inquiry be held under the Inquiries Act to investigate the international conspiracy known as the uranium cartel and to ascertain the Canadian government's role in it.

Mr. Speaker: Standing Order 43 requires the unanimous consent of the House for the presentation of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

PROPOSAL TO RESCIND LAYOFF ORDER AT INCO AND STOCKPILE NICKEL—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I too rise under the provisions of Standing Order 43. Considering that INCO owes the people of Canada $378 million in deferred taxes and considering that INCO will also benefit by about $10 million as a result of the decision announced last Thursday night by the Minister of Finance (Mr. Chrétien) to re-introduce new corporate tax concessions which were originally announced in the budget of last March, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Prime Minister to contact the president of INCO to insist that his corporation rescind the announcement of layoffs to take place in Canada and instructs the Prime Minister to set up the machinery necessary for the stockpiling of nickel in order to preserve these Canadian jobs.

Mr. Speaker: Standing Order 43 requires unanimous consent for the presentation of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1112)

[*Translation*]

SOCIAL SECURITY

REQUEST THAT AGE OF ELIGIBILITY FOR OLD AGE PENSION BE REDUCED TO CREATE JOBS—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move an important motion of pressing necessity.

In view of the fact that a large number of young people aged 15 to 24 are unemployed and that a large number of individuals between 60 and 65 years of age are tackling serious problems of survival, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That this House enjoin the Minister of National Health and Welfare (Miss Bégin) to take all necessary means in the shortest possible time to introduce in the House a bill whose effect would be to reduce to 60 the eligibility age for old age security pension for persons wishing to retire at that age, which would surely have a considerable impact on the level of unemployment in the country.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INCOME TAX

DIFFERENCE BETWEEN WINDFALL PROFITS FOR OIL COMPANIES AND FOR URANIUM COMPANIES—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, under the provisions of Standing Order 43, I rise on a motion of urgent and pressing necessity. My motion concerns the secret uranium cartel which, organized by the government of Canada, enabled multinational interests to reap billions of dollars in windfall profits. In light of the government's efforts to cream off windfall gains made by the oil industry, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the government explain to this House the moral difference between windfall profits such as the 51 per cent profit made by Gulf in one sale to Ontario Hydro and the gains made by oil producers in the wake of the OPEC price hikes.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

COMBINES

REQUEST THAT DOCUMENTS CONNECTED WITH URANIUM CARTEL BE MADE PUBLIC—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. My motion concerns statements in the House by both the Prime Minister (Mr. Trudeau) and the Minister of Energy, Mines and Resources (Mr. Gillespie). On Friday, August 5, 1977 the Prime Minister said, concerning the uranium cartel:

We will put every fact we have before parliament so it can debate this matter properly.

In view of the fact that not only have we received no documentation whatsoever from the government but under the gag law it remains illegal for persons connected with the cartel to make documents public, I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That this House demands that the Prime Minister and the Minister of Energy, Mines and Resources fulfill their broken promises by making public immediately all documentation concerning the uranium cartel in their possession.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

SUGGESTION MORE GOVERNMENT ORDERS BE ALLOCATED TO AREAS OF HIGH UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of shocking unemployment across Canada and in view of the ironic situation where more official concern is being shown because of job losses and lay-offs in provinces where unemployment is less devastating than in the maritimes and Quebec, I move, seconded by the hon. member for South Shore (Mr. Crouse):

That the Minister of Regional Economic Expansion make strong representations to his cabinet colleagues to have a more reasonable proportion of government orders such as the manufacturing of railway rolling stock allocated to manufacturers in the most needy and disadvantaged areas. I am thinking particularly of the Hawker Siddeley works in Trenton, Nova Scotia, which received only about 10 per cent of the order allocated to National Car in Hamilton, an area where unemployment is less than half of what it is in northern Nova Scotia.

Mr. Speaker: The presentation of a motion pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AFFAIRS

PROPOSED ACTION TO CAUSE FALCONBRIDGE NICKEL TO CLOSE OPERATIONS IN NAMIBIA—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing and urgent necessity. In view of the fact that Mr. Kenneth Kaunda, President of Zambia, has urged the Commonwealth countries to unite to end the "exploitation and plunder of Namibian wealth", in view of the fact that Namibia is illegally controlled by South Africa, and in view of the fact that the Secretary of State for External Affairs (Mr. Jamieson) has recently said that Canada should speak out more on unacceptable South African policies, I move, seconded by the member for Sault Ste. Marie (Mr. Symes):

That the Canadian government take action that would cause the Falconbridge nickel operations in Namibia to be withdrawn.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

COMBINES

ALLEGED URANIUM CARTEL—KNOWLEDGE OF CABINET OF EFFECT ON DOMESTIC PRICE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister. As the former Minister of Finance repeatedly stated that in issuing minimum price directives with respect to the uranium price rigging that was agreed to at international cartel conferences, he did so under the directive of the cabinet, will the Prime Minister indicate to the House if, when cabinet was approving these new directives setting in place the price rigging that had been agreed to by the international cartel, the cabinet asked what were the consequences for Canadian domestic consumers of the product.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I refer the hon. member to a lengthy statement made by the Minister of Energy, Mines and Resources about a fortnight ago. It put before the Canadian public and members of parliament all the rationale for the international arrangement that we entered into. It indicated how this did not in any way penalize the Canadian consumer. It indicated also how it had saved thousands of jobs for the uranium industry in Canada. I appeal to the hon. member and members of his party by saying if they wish to debate this to choose a day for debate. We would gladly debate this subject with the opposition. They continue making allegations about a secret conspiracy and so on. These were open arrangements. They were known—

● (1117)

Some hon. Members: Oh, oh!

Mr. Trudeau: They were known by well-informed people, who obviously do not include members opposite. So, if the opposition wants to debate this subject on the merits, I repeat, now what I said last summer: we are very anxious to do it. We are now in the position of having an industry, the uranium industry, which is prepared to offer hundreds of jobs to workers who have been laid off elsewhere because, perhaps, such arrangements have not been entered into. The foresight of the government has guaranteed the health and the survival of this industry. I wish the opposition would state the facts.

Mr. Stevens: A supplementary to the Prime Minister who has indicated that the cartel has had no effect domestically. Is he aware that it has now been revealed that Gulf Minerals (Canada) Limited entered into a contract with Ontario Hydro in the spring of 1974 at the height of the cartel activities under which some uranium was sold to Ontario Hydro which, according to an internal memorandum of Ontario Hydro resulted in a $51 million profit to Gulf on a $98 million sale; in other words, a profit of 51 per cent or $13.78 per pound? Is the Prime Minister aware of this and, if so, how can he tell us there was no domestic consequence?

Mr. Trudeau: We are in the very curious position of having a member of the opposition complain on behalf of Ontario Hydro when they made a statement just last summer saying they were very happy with the arrangement and that they had not been penalized in any way.

Some hon. Members: Hear, hear!

Mr. Stevens: For the information of the Prime Minister and the House, this is a new fact which has just been disclosed. Is the right hon. gentleman aware of the fact that in an internal memo of March 8, 1974, Gulf said: "The Energy, Mines and Resources staff does, however, recognize that Canadian utilities must be prepared to pay the same prices as we could achieve from export sales". Bearing in mind that in 1974 export prices were one and the same as cartel prices, would the Prime Minister explain the apparent contradiction between the Gulf statement and the government's repeated claims that the Canadian domestic market was not affected by the cartel?

Mr. Trudeau: I was quoting the Canadian consumers themselves, and surely that is as good an authority as that advanced by the hon. member opposite. We are used to facts coming from the Tory party which turn out to be non-facts as soon as they are investigated.

Mr. Stevens: They are right here. Do you want to see them?

Mr. Trudeau: If the hon. member has facts which are not ascertainable by others he might show them to the Combines Investigation people. The Minister of Consumer and Corpo-

rate affairs has specifically asked the combines investigators to look into these allegations. If there is any evidence of combines, surely the hon. member would want to turn his quoted facts over to them.

● (1122)

ALLEGED URANIUM CARTEL—REASON FOR FAILURE TO HAVE PUBLIC INQUIRY

Mr. Walter Baker (Grenville-Carleton): A supplementary question, Mr. Speaker. It is to the investigation which the Prime Minister is relying on that I should like to direct my question. The Prime Minister is obviously relying on it because it will get at all the involvements, including the government's involvement; at least, that is the case the government would like to put. Is the Prime Minister aware of the effects of the Combines Investigation Act and the power of investigation; that it does not apply where criminal offences may be involved; that there is a limitation on the seizure of documents and the publication of those documents; that the director has no power to order any further inquiry, that that power rests with the government which this inquiry should be investigating? In other words, it is another case of the government investigating itself.

Is the Prime Minister aware that there is no opportunity whatsoever for the public to be informed with respect to the government's involvement? In fact, is the Prime Minister aware that the investigation which he calls for under the Combines Investigation Act is no examination of the government at all, which is the centre point, the keystone, of this cartel which has caused the trouble to Canadian consumers? How can the Prime Minister justify this inquiry, and why does he not have a public inquiry so he can let it all hang out, if his case is so good?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the powers of the director of investigation and research under the Combines Investigation Act are set out under that Act and, in effect, are a great deal broader than a criminal investigator would have under the Criminal Code. Those are the powers the official opposition has criticized in this House any time that any revision of the Combines Investigation has come up.

ALLEGED URANIUM CARTEL—SUGGESTED LIMITATION ON POWERS OF DIRECTOR OF INVESTIGATION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the Minister of Justice has seen fit to answer for the Prime Minister. Is the Minister of Justice aware that the former deputy director of investigation and research in the combines investigation branch, who was in that capacity until January of 1977, has prepared an opinion which indicates that in fact the answer of the Minister of Justice is not true, that in terms of investigating the government, the investigation by the combines branch is limited in just the way I suggest. Is the minister aware of that, and if there is a contrary opinion, would the Minister of Justice be prepared to table that opinion? I can tell him now that I am prepared to table in the House, with the consent of the House, the opinion of William P. McKeown, a former public servant who had direct responsibility in this field when he was a public servant and who has indicated that the investigation which the Prime Minister relies on is no investigation of the government at all. Is the minister prepared to do that?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the powers of the director are clearly set out in the legislation, as supported by the jurisprudence, and they are perfectly adequate for the director to get to the complete bottom of whether or not the allegations made by the official opposition are in fact true. It is the inquiry for which, for three months, the official opposition in this House argued day by day.

Mr. Speaker: Order. I am prepared to grant the hon. member for Grenville-Carleton a final supplementary but I will have to keep a tight line on the preamble.

Mr. Baker (Grenville-Carleton): Mr. Speaker, either the Minister of Justice is ignorant of the law or, if he is aware of it, he chooses to ignore it. The Minister of Justice has indicated that the government feels that it can be investigated. The former director feels it cannot. Would the government kindly table the opinion that allows the Minister of Justice to come to such a ridiculous conclusion?

Mr. Basford: Mr. Speaker, I am more concerned with the view of the present director, who has raised no such objections—

Mr. Baker (Grenville-Carleton): Naturally.

Mr. Stevens: He wants to remain on the payroll.

Mr. Basford: —who at the suggestion of the Department of Justice in early September retained independent legal advice to advise him throughout the course of this inquiry. No report has been made either to the minister of consumer affairs or to me that the powers of the director are in any way insufficient for the purposes of his inquiry under the Combines Investigation Act.

* * *

LABOUR CONDITIONS

REASON FOR FAILURE OF GOVERNMENT TO ACT TO AVERT LAYOFFS AT INCO

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. In an article published some three weeks ago in Forbes, an American publication on business affairs, there is an outline of the recent activities of the INCO Corporation, part of which referred to its recent expansion in Indonesia and Guatemala, which was financed to a considerable extent by the taxpayers of Canada. The article concluded that for political reasons if INCO made cutbacks this year it would do so in Canada where it could get away

with it, as opposed to Indonesia, because that country, and I quote, "does not look kindly on cutbacks".

I should like to ask the Prime Minister whether this explains the total lack of response by the government of Canada to ensure the preservation of those Canadian jobs?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have no knowledge of this particular publication, but I am informed that INCO plans a reduction in Canada of 15 per cent of its operations, whereas it plans reductions abroad of some 30 per cent. So that would seem to invalidate the allegation of the leader of the New Democratic Party.

● (1127)

Mr. Broadbent: Mr. Speaker, a supplementary question. For the Prime Minister's information, in the same press release in which it announced the layoffs taking place in Thompson, Sudbury and Port Colborne, the corporation announced its decision to continue with its expansion in Guatemala and Indonesia. Therefore, it was not cutting back on those countries, and they are the countries in which the Corporation is expanding with the assistance of the Canadian taxpayer.

In view of this serious political judgment by a business publication that the government of Canada could not be expected to take steps toward INCO, whereas the government of Indonesia could, is this a sound judgment? Does this explain the government's failure to say to INCO: "You have made hundreds of millions of dollars in Canada. You can go on making a profit legitimately in the future if you keep these Canadian jobs"?

Mr. Trudeau: Mr. Speaker, the allegations of the hon. Leader of the New Democratic Party are founded on very serious misinformation. The fact is that the Guatemalan production is not expected to come in until 1979.

Mr. Rodriguez: That is not true.

Mr. Trudeau: Therefore, it is not a question of cutting back. It is a question of some future production which will hit the market at a time, we hope, when we will have put our own house in order.

SUGGESTED STOCKPILING OF NICKEL TO AVERT LAYOFFS AT INCO

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, it is the Prime Minister who has to get his facts straight. In part the expansion has taken place already in these countries and the company will continue with future expansion.

The question I want to put to the Prime Minister is: given all the financial assistance directly from the taxpayers of Canada, and indirectly simply by supporting operations of this particular corporation in Canada in the past, does the Prime Minister not believe that that corporation has a fundamental obligation to continue with its jobs in Canada? Because we live in the real world and not in Utopia, and if there is some assistance required, instead of providing further financial grants, would the government not undertake to work out stockpiling arrangements with INCO to preserve those jobs? In the past we have stockpiled uranium for seven years; we stockpiled wheat and we stockpiled other products in Canada in order to preserve jobs.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, obviously on the facts there is a dispute. I have clear information to the effect that Guatemalan production will not reach the market until 1979. Therefore, the basis of the argument of the hon. member seems to fall on that. As to possible remedies, he is suggesting stockpiling. As the House was told, INCO has stockpiled for a period of 12 to 14 months.

An hon. Member: Seven months.

Mr. Trudeau: The question is: how much longer does the Leader of the New Democratic Party want the stockpiling to go on?

Mr. Broadbent: It was done for seven years for uranium.

Mr. Trudeau: Obviously, when you are stockpiling you are taking money out of circulation. You are putting it there; you are locking it down.

Mr. Broadbent: What about unemployment insurance?

Mr. Trudeau: Mr. Speaker, the hon. member may be speaking for the unions or he may not be. In Toronto now we are discussing with the company and with the union leaders a scheme whereby unemployment insurance money, federal money, would be used in order to supplement a scheme whereby there would be for a period of time work-sharing. We are hoping that the union and the company will come to an agreement which will permit the workers to have some time during which to share the work and they will be supplemented by payments from unemployment insurance.

● (1132)

Some hon. Members: Oh, oh!

Mr. Trudeau: If hon. members on the other side believe that to be unreasonable, they might say so. This is what we are discussing now. We hope it will be accepted by both sides and that it will permit at least the transitional period to be crossed during which everybody will be able to share the work with very little loss of revenue.

* * *

[*Translation*]

MANPOWER

INQUIRY WHETHER NEW FUNDS WILL BE APPLIED TO CANADA WORKS PROGRAM

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I should like to put a question to the Minister of Employment and Immigration. After a first selection of Canada Works projects in the riding of Roberval, barely 50 per cent of the applications were

accepted because of the lack of funds. In the speech of the Minister of Finance, following the Speech from the Throne, an additional amount of $150 million was promised to enable the execution of a larger number of high concentration projects. Can the minister tell the House whether this amount is meant to go to Canada Works projects, whether the areas most severely affected by unemployment will be given top priority and, if so, to what extent?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the additional funds are not intended for the Canada Works Program. They will go to the government program administered by my colleague, the President of the Treasury Board.

Mr. Gauthier (Roberval): Mr. Speaker, on a supplementary. I thank the minister. I had an inkling that would be his answer but I wanted him to say it so that the public might be made aware of it. The public has the wrong idea about the announced $150 million. Now we know that money will not go to the Canada Works Program. I should like to ask the minister whether he hopes to put additional funds at the disposal of the Canada Works Program so that some of the more interesting projects, in ridings where unemployment exceeds 20 per cent, can be approved.

Mr. Cullen: Mr. Speaker, we have had considerable success with the Canada Works Program. The third phase will soon be undertaken at which time other people can benefit from it.

* * *

[*English*]

ENERGY

URANIUM—REASON FOR FORMING CARTEL—CONTRACTS WITH UNITED STATES COMPANIES IN 1974

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources and it arises out of the Prime Minister's reference to the document that was released a couple of weeks ago in which the Minister of Energy, Mines and Resources again puts forward the proposition that Canada had to organize a cartel in defence against the U.S. embargo. Can the minister tell us why that was necessary. The evidence before the Moss committee is to the effect that in 1974 when the embargo was at its height, 90 per cent of all the forward commitments made for uranium were made with countries outside of the United States by buyers in the U.S. and the majority of those commitments were made to Canadians. If the government had to have a cartel to prevent this from happening, why was it still going on?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, quite obviously the hon. member is misreading the facts.

Mr. Gillies: No, you are.

[Mr. Gauthier (Roberval).]

Mr. Gillespie: If he were to look at the statements which were made public some ten days ago by myself, the notes between the Canadian government and the U.S. government complaining very vigorously and indeed bitterly about the embargo imposed by the United States on Canada and the rest of the world, a market which represented 70 per cent of the market for uranium at that time, he would understand why we had to take action to protect Canadian industry.

Mr. Gillies: The Minister of Energy, Mines and Resources is talking about spot deliveries not about forward commitments and the majority of the contracts in the uranium industry, as he should know, is done on forward deliveries, not spot deliveries. Forward delivery contracts were still being signed by the Canadians in 1974 at the precise time when the government was saying they had to have a cartel to protect the Canadian industry, which is nonsense.

My second question is: Did the minister not know that Canadian companies were signing contracts with the United States at the same time as the cartel was at its height?

Mr. Gillespie: Again the hon. member is completely misreading and trying to misrepresent the situation. He talks about 1974. We entered into this agreement in 1972. I would remind him that the situation that he has described as having existed in 1974 did not exist in 1972. The second point which he should make clear and he has not made clear is that those so-called forward agreements were conditional upon the United States lifting its embargo. The United States had given no indication to us, or to anybody else as far as I know, that it would lift its embargo. That embargo was in place.

Mr. Gillies: That's not true.

If the Minister of Energy, Mines and Resources did not know in 1973 that the embargo was going to be lifted, he was probably the only person in the world associated with uranium who did not know that, because there are letters between the Department of Energy, Mines and Resources and Gulf Minerals; for example, there is a letter about a contract—

Mr. Speaker: Order, please. We are drifting increasingly into a tendency to argue rather than to question. I recognize the hon. member for Don Valley for a final supplementary question.

Mr. Gillies: If the minister says it was important in 1974, why did the government not start the cartel in 1965? The U.S. embargo started in 1964. We now have some indication it might have been illegal and it also appears to have been stupid.

Mr. Gillespie: Maybe we should have started it earlier, Mr. Speaker, but I will tell the hon. member why we did not.

Some hon. Members: Oh, oh!

Mr. Gillespie: Canada has always stood for producer-consumer groups. It has been a basic part of our policy to try to work out commodity agreements with consumers as well as producers, and we made every effort to do so. We also hoped,

as a result of representations to the United States, that they would lift their embargo. Unfortunately, it was not possible to put together producer-consumer commodity groups and it was not possible to get the United States to lift their embargo, and that is why we went ahead in 1972.

URANIUM—REASON FOR FAILURE TO ADOPT TWO-PRICE SYSTEM—ALLEGEDLY CONFLICTING GOVERNMENT POLICIES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is directed either to the Minister of Energy, Mines and Resources or to the Prime Minister. Assuming that the government, if they are to be believed, were concerned with Canadian consumers and with keeping down the domestic cost of uranium, why did the government not go to a legal two-price system for uranium as was done with wheat, and also would the minister explain how it is that the government, on one hand, was ostensibly committed—as noted in the Speech from the Throne and in other areas—to strong competition legislation including amendments to the restricted trade practices law, and on the other hand was engaged at the same time in setting up and operating an uranium cartel to eliminate competition? Could the minister or the Prime Minister elaborate on this apparent duplicity?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): If the hon. member had read the statement he would realize our policy with respect to domestic market was not affected by the cartel arrangement.

Mr. Gillies: Not true.

Mr. Gillespie: It was up to the producers to make their own deal with the consumers. The whole thrust of the cartel arrangement had to do with external markets and not with the Canadian market or the U.S. market.

Some hon. Members: Nonsense.

Mr. Gillespie: The clear implication is that opposition members are less interested in the Canadian public interest and much more interested in serving as chore boys for a Congressional committee.

Mr. Gillies: You are not telling the truth.

* * *

COMBINES

ALLEGED URANIUM CARTEL—REASON FOR PROTECTING PARTICIPANTS FROM PROSECUTION

Mr. Elmer M. MacKay (Central Nova): I want to thank the minister for his answer and simply say that it does not appear to be in accordance with what happened in the Canadian domestic market. My last question is directed to the minister or to the Prime Minister. If the circumstances surrounding the setting up of an uranium cartel were perfectly legal, as was stated by the Minister of Justice and the Prime Minister, why was it necessary to advance guarantees against prosecution to the Canadian participants in the cartel, as set out in an internal document dated 1972 which states briefly, in a couple of lines:

> . . . the Minister of Justice of Canada . . . will prevent any action being taken under Canada law against participants in the agreement, at least as long as the present government is in power.

Furthermore, why was it then necessary to proclaim what amounted to a gag law, which the government has already had to modify, if everything was perfectly legal?

Mr. Gillespie: Mr. Speaker, I would ask the hon. member to read the statement. If he were to read it he would understand and not make the kind of wild allegation he is making this morning.

* * *

● (1142)

PUBLIC SERVICE

DATE OF APPOINTMENT OF CHAIRMAN OF REVIEW COMMITTEE AND POSSIBILITY OF PUBLIC HEARINGS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, on October 19 I endeavoured to put a question to the government House leader. The Acting Prime Minister, the Minister of Finance, undertook to reply and indicated that he would give me the information the following day. I am putting the question again. Further to the statement of the President of the Privy Council to this House on February 4 last, can the minister state whether a chairman has been appointed to the special committee to review the Public Service Employment Act and if so does the special committee intend to hold public hearings? If it does intend to do this, when will they be held?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, on Feburary 4, 1977 the government House leader made an announcement that a committee would be set up for this purpose. The government is very much concerned with this question and realizes the many representations made by the hon. member. I am informed that the Deputy Prime Minister will be making an announcement as to the chairmanship of this committee very shortly and will make a report to the House at that time.

* * *

TRANSPORT

AVAILABILITY OF BOXCARS FOR DELIVERY OF WHEAT—ALLEGED DISCRIMINATION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the absence of the Minister of Transport I should like to direct a question to the acting minister. My question concerns complaints that are general throughout western Canada to the effect that there is injustice in the allocation of boxcars for the shipment of wheat and the like. Certain areas receive preference and other small areas do not. I should like to ask the

acting minister to bring the situation to the attention of the Wheat Board and insure that those smaller marketing areas are not discriminated against.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in fact the minister is out west today where he will chair three meetings with the people concerned to discuss matters concerning the transport of grain in the west.

[*English*]

Mr. Diefenbaker: Mr. Speaker, I suggest to the acting minister to whom I directed my question that there should be an end to this kind of discrimination. It did not exist until the Department of Transport took over the allocations.

* * *

LABOUR CONDITIONS

LAY-OFFS AT INCO—REQUEST THAT CABINET MEET UNION LEADERS BEFORE MAKING PROPOSALS TO COMPANY

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Prime Minister. In view of the fact that the Prime Minister received a telex yesterday afternoon which was signed by municipal leaders, federal members of parliament, provincial members of parliament and the President of the Chamber of Commerce and asked the Prime Minister and his Cabinet to meet with the leadership of the workers in the Sudbury Basin before meeting with officials of International Nickel Company and Falconbridge to discuss their proposals for avoiding the layoff of workers in Canada, may I ask the Prime Minister's response to it?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I indicated earlier that there would be a meeting this afternoon in Toronto between union leaders, officials of the Canadian government and the provincial government. The Minister of Employment and Immigration is standing by to see if he can assist in any way in these meetings. If necessary, he will join them at a later hour.

Mr. Rodriguez: A supplementary question. In view of the fact that we in the Sudbury Basin are extremely concerned that the Prime Minister and his Cabinet not lay a proposal before International Nickel Company prior to consultation with the leadership of the trade union movement who have five excellent points to propose to deal with the layoff situation, can the Prime Minister assure the House that his Cabinet colleagues will meet with the union leadership to listen to these proposals prior to laying any suggestions before the company? That is our concern. Can the Prime Minister give us that assurance in the House?

Mr. Trudeau: Mr. Speaker, I can give the House the assurance that almost goes without saying, that we realize the co-operation of the management and of the union is necessary in solving this very serious problem. In that sense, I can assure the hon. member that no solution will be imposed upon anyone. I cannot give him the assurance that we will not begin discussions—we probably have at this hour begun discussing the solution of work sharing with one and later will with the other party. Obviously, if the union has other suggestions we would be very happy to discuss them with the union and with the company. I would just remind the House that this government asked parliament to adopt in the last session amendments to the Unemployment Insurance Act to permit us to enter into work sharing schemes. The proclamation of that section awaits the co-operation of the management and of the union. If the hon. member has any influence with the union I hope he will talk to them about this provision.

Some hon. Members: Hear, hear!

Mr. Rodriguez: Mr. Speaker, I wish hon. members would not bang their desks like that before they hear the final supplementary question. I am sure that the Prime Minister is not aware that the union's proposals concern suggestions such as no overtime, when in fact the workers on production at INCO worked overtime up to last week to produce stuff they cannot sell, that they are still working on bonus mining to produce stuff they cannot sell, and that there needs to be some adjustment to the pension plan to allow for 30 years and out, surely these are all very concrete proposals which the government will seriously consider with the union leadership and lay before the company before asking that federal taxpayers' money be used through the unemployment insurance fund to subsidize INCO's production again. I see that as another concession to the company. These four proposals are very constructive and I beg the Prime Minister to consider them with the union leadership before proposing work-sharing.

Mr. Trudeau: Mr. Speaker, the hon. member has taken three questions to ask if we would study any proposal put forth by the union. My answer to the first question was yes. The answer to the second question is the same yes. The answer to the third is the same yes. If the hon. member wants to ask further supplementaries and make further speeches we would be glad to say yes to those as well. We are very concerned with finding solutions to this very large layoff, that the union, that the management and that the government themselves will be putting forward for discussion.

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COMBINES INVESTIGATION ACT

EFFECT OF ORDER IN COUNCIL—POWER TO INVESTIGATE GOVERNMENT ACTIONS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to put a question to the Minister of Justice arising out of his answers to our House leader and the hon. member for Central Nova. In view of the fact that on several occasions, and again today, the government admitted it brought in amendments to the atomic energy control regulations in July 1972 solely as a means of enforcing quotas and minimum

prices as set by the cartel in Paris and that this violates the spirit if not the letter of the Combines Investigation Act, would the minister tell the House if the government believes that a mere order in council supersedes the combines legislation that he discussed today?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, that point is covered very carefully in the statement made a fortnight ago by the Minister of Energy, Mines and Resources which made clear that what was envisaged was a regulatory scheme. The jurisprudence shows that this is an exemption under the Combines Investigation Act.

Mr. Woolliams: Mr. Speaker, in view of the answer given today that the Combines Investigation Act sets out the right and gives the authority to investigate, does the minister go so far as to say with this kind of legal drivel, that he can investigate the executive power that set up this illegal cartel?

Mr. Basford: Mr. Speaker, he obviously cannot challenge the legality of regulations lawfully passed by the executive. The place for that challenge is in the courts. The regulations were upheld in a decision of the high court of Ontario in June and have been subject since then to challenge by six members of parliament. We are awaiting the decision on that matter.

An hon. Member: That is another regulation.

* * *

COMBINES

ALLEGED URANIUM CARTEL—REASON FOR PROMISE OF FREEDOM FROM PROSECUTION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to follow up the question put by the hon. member for Central Nova to the Minister of Energy, Mines and Resources who sidestepped it, though not too well. I should like to ask the Minister of Justice, if the government thought this cartel was so legitimate, could he advise why it was necessary to have a letter or memo to the effect that there would be a delay or avoidance of prosecution? Further, why was it necessary to impose a gag law? In other words, if everything was so swell and all right, why was it necessary to have these two innocuous statements placed before the Canadian people?

● (1152)

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the hon. member and another one previously talked about guarantees of non-prosecution. I am aware of no such guarantees having been given at any time.

The latter part of the question has been answered by the Minister of Energy, Mines and Resources. The regulations were passed, namely, to support the activities of the marketing scheme.

Mr. Alexander: In light of the fact that the hon. member for Central Nova brought to the attention of the House, the Prime Minister and the Minister of Energy, Mines and Resources a memo to the effect that there would be some delay or avoidance of prosecution, would the Minister of Justice now undertake to look into this matter to see whether in fact there is such a memo or directive involved?

Mr. Basford: The easiest way would be for the hon. member to send me the memo he is talking about.

Mr. Alexander: Go ahead and look for it.

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AGRICULTURE

BEEF—POSSIBILITY OF IMPLEMENTING IMPORT POLICY RECOMMENDED BY SENATE COMMITTEE

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, my question is directed to the Minister of Agriculture. Earlier this month the agriculture committee of the other place published a report of its extensive inquiry into the financial disaster suffered by Canadian beef producers over the past few years. Has the Minister of Agriculture had an opportunity to consider this report, and if so, can he tell the House whether he intends to bring in legislation implementing the import policy recommendations contained in that report?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I had a meeting this week with a sub-committee of that Senate committee, and we discussed the report in detail. I hope to be able to make an announcement in the very near future on what parts of the committee report we can use to the advantage of beef producers.

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ENERGY

URANIUM—REASON FOR ALLEGED SECRECY IN FORMING CARTEL

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I would like to address a question to the Minister of Energy, Mines and Resources. It is with respect to the uranium cartel. It seems to me that the thing people are asking about generally with respect to this matter is, if it was so proper why the government took the option of making this agreement in secret and not bringing it before parliament in the way producers' agreements with marketing boards in other matters are brought in. Why was this matter cloaked in an aura of secrecy as opposed to bringing it before the people of Canada through parliament? Why has that not been done by the government?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, it was brought forward under existing legislation. It was also made quite clear what the govern-

ment was doing. There was an announcement by the former minister to that effect.

Mr. Hnatyshyn: Under the circumstances, is it the position of the minister that there is one law for the government of this country and another for the rest of the people under the Combines Investigation Act? The minister justifies this whole arrangement, which has caused such damage to our uranium industry and to the reputation of our country, by saying that the regulation justified the government's action. Is it the position of the minister that there is one law for the government and another law for the average person on the street?

Mr. Speaker: Order, please. The hon. member for Halton-Wentworth.

Mr. Hnatyshyn: He is afraid to answer that.

URANIUM—REASON FOR FORCING DOMESTIC PURCHASERS TO PAY WORLD PRICE

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Noting that shipments will be made from the government stockpile of uranium concentrates to the Spanish electric utilities in 1978, why has the government of Canada not offered to sell the provincial utilities in Canada uranium concentrates purchased at $4.75 to $6 a pound with Canadian taxpayers' dollars rather than leaving them exposed to world prices? To be precise, why should Ontario Hydro pay world prices or more for uranium concentrates mined in Ontario and purchased by the government of Canada at prices more than 100 per cent below world prices?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, what Ontario Hydro pays for its concentrates is a matter dealt with through negotiation and by commercial contracts between Ontario Hydro and the producers. As the question of the stockpile, the Canadian government stockpile is a very important strategic reserve for this country.

Mr. Rodriguez: How about nickel?

Mr. Gillespie: It is a basis for ensuring that there will be an adequate supply of uranium for Canadians in the future.

Mr. Kempling: Mr. Speaker, is the minister aware of the sworn testimony of William Gilchrist, former head of Eldorado Nuclear, which makes it clear that one of the reasons for the massive hikes in the price of uranium through 1974 and 1975 was that the Canadian government did not sell from its own stockpile to moderate the price, and would the minister tell the House why the government chose not to restrain excessive uranium prices on behalf of Canadian utilities, bearing in mind that Uranium Canada stated in its recent report that a continuation of the rapid rise in the price of uranium could be detrimental to the industry, making the choice of nuclear energy less attractive economically?

[Mr. Gillespie.]

Mr. Gillespie: Mr. Speaker, the hon. member has read a long question which has been prepared by his research staff.

An hon. Member: Did you follow it?

Mr. Lawrence: Look who's talking.

Mr. Gillespie: Surely, the hon. member is interested in seeing the Canadian uranium industry benefit from rising world prices. Canada alone did not have a major effect upon the increase in prices. It had some effect, probably, in the years between 1972 and 1974, but immediately following the oil price increase, the price of uranium around the world took off, and for very obvious reasons. There is a very high energy component in uranium; that is why people were buying it. People suddenly realized that oil was no longer going to be a secure source of energy in the future, and they started to look at alternative forms. That was also the time when Westinghouse, which had been selling short—which had had a depressing effect on uranium prices—suddenly realized that it was in a bind and repudiated its contracts. If we take a whole series of circumstances together, we can see why the world price of uranium rose very rapidly.

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FINANCE

EFFECT ON JOBS OF TAX INCENTIVES TO CORPORATIONS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that Northern Telecom in its report to shareholders of August 5 states that the March budget's corporate tax credits, which the minister has announced he will re-introduce, reduced the company's effective tax rate from 42.8 per cent to 40.6 per cent, or about $3 million, and in view of the fact that subsequent to this tax cut the company announced lay-offs of over 1,000 workers, mainly in Quebec and Ontario, does the minister still maintain that these tax incentives are creating jobs and not just fattening corporate coffers?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, sales patterns of a corporation can vary from one month to the next. Obviously, tax cuts offered by my predecessor were intended, on the medium term, to stimulate investment and create jobs, but it may happen, on the short term, that market conditions bring about a decline in employment. However, I think that the goals aimed at by my predecessor, on the medium term, will produce the expected results.

[*English*]

SUGGESTED INQUIRY INTO HOW TELECOM SPENT TAX SAVING

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, the minister well knows that these lay-offs occurred subsequent to these tax cuts, and we have no guarantee that in the future workers will be rehired.

In view of the fact that Walter Light, president of Northern Telecom, stated on September 24 that besides the sluggish economy a major reason Northern was laying off 1,000 employees was, "Telecom's own success in recent years at devising ways to produce more products with fewer employees", will the minister now launch an inquiry into how the budget gift of $3 million to Telecom was spent? Was it spent on job creation or on machines to replace workers?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member should know that manufactured products in Canada must sustain competition with all the world goods, and that we have to accept modern technologies if we want to keep our markets. Therefore the hon. member's proposal does not hold because I believe it is very important for Canadian industries to take the necessary steps to be able to sustain competition on world markets, otherwise lay-offs will be much greater than they are now.

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BILINGUALISM

SUGGESTED AMENDMENT OF OFFICIAL LANGUAGES ACT TO ELIMINATE CERTAIN INJUSTICES

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Secretary of State.

The government announced recently, through the President of the Treasury Board, its decision not to create bilingual districts. Considering that the Official Languages Act is based to a large extent on the creation of bilingual districts, can the minister tell the House whether the government intends, in addition to the proposals which have been announced in the Speech from the Throne, to bring in amendments to the Official Languages Act during this session in order to eliminate a lot of provisions irritating minority language groups in the country as well a some statutes of the federal government containing anomalies and inconsistencies which are not acceptable at all to the minority language groups?

● (1202)

[*English*]

Hon. John Roberts (Secretary of State): Mr. Speaker, as the government indicated in the Speech from the Throne, there will indeed be proposals for amendments to the Official Languages Act. As to exactly what the content of the amendments will be, the hon. member will have to wait until the legislation is presented to the House.

COMBINES

ALLEGED URANIUM CARTEL—POSSIBILITY OF INQUIRY BY PRIME MINISTER INTO EFFECT ON DOMESTIC PRICES

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Prime Minister. I thought I heard the Prime Minister and the Minister of Energy, Mines and Resources say earlier that there were no domestic price consequences caused by the existence of the cartel. Did the Prime Minister's office in fact investigate whether the cartel did raise Canadian prices in concert with world prices?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as the minister indicated, the policy was clear in that it was not to apply to the Canadian market. The principal consumer, Ontario Hydro, has said that they were clear that they had not been adversely affected by this marketing arrangement. As far as the government knows, there has been no adverse effect on the Canadian consumer. For greater certainty, we have set up at the request of the opposition an investigation under the Combines Investigation Act.

Some hon. Members: Oh, oh!

Mr. Stevens: We want a public one.

Mr. Trudeau: The opposition is now saying they have no confidence in the law that until now they had confidence in. They are saying they have no confidence in quasi judicial tribunals because they are on a recent kick. I find it very ironic that at a time when Canadian mineral production is under serious attack in the world market, causing high unemployment in Canada, that the opposition should be about six years late in worrying about orderly marketing arrangements which saved jobs in Canada and which will give jobs to the people in Sudbury who are looking for jobs.

Some hon. Members: Hear, hear!

ALLEGED URANIUM CARTEL—INQUIRY WHETHER ASSURANCE SOUGHT THERE WOULD BE NO EFFECT ON DOMESTIC PRICE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. The Prime Minister just said that the cartel arrangement was not to apply to domestic prices. If I heard him correctly, he just said that as far as the government knows, there was no implication for domestic prices. On the other hand, there is an internal memorandum from Gulf dated March 8, 1974, and I will quote the relevant sentence:

> The EMR staff does, however, recognize that Canadian utilities must be prepared to pay the same prices—

That means the cartel set prices.

> —that we could achieve from export sales.

In other words, the Prime Minister's statement in the House of Commons today directly contradicts the understanding given to Gulf by EMR officials in 1974. What I want to know from the Prime Minister is whether the government of

Canada, as a cabinet, prior to approving this cartel arrangement sought and received reliable assurances that there would be no impact upon domestic prices. Did the Prime Minister look for those assurances and did he receive them? If so, will he table them?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when we set up the arrangements they were done under cabinet and government policy. The direction of the policy is well known, that it was not to affect adversely Canadian markets or for that matter American markets. This was clearly in the policy. If the producers in any way went beyond that policy and if they are guilty under some combines law which is not authorized by government policy, naturally they will be found out by the combines investigator. I do not know of any consumer in Canada complaining. I gave the evidence of Ontario Hydro which said that they were not adversely affected by this cartel. It seems to me that we should take their word for it rather than the suspicious mind of the opposition leader.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, we appear to have made a little progress here. We are now told by the Prime Minister that the companies which were forced by the government of Canada to enter into this cartel are uniquely and alone responsible for any illegality, if any illegality has occurred, and that the Prime Minister and the government of Canada which authorized and forced this agreement bear no culpability under the law. That is the position of the government of Canada, shifting off the responsibility of the people they forced into this arrangement.

Some hon. Members: Hear, hear!

ALLEGED URANIUM CARTEL—REQUEST FOR PUBLIC INQUIRY

Mr. Joe Clark (Leader of the Opposition): I want to come to this question of the public inquiry. What parliament and the people of Canada want to know is not simply whether the companies broke the law. We also want to know what was the role of the government of Canada. We have received, as my colleague from York-Simcoe indicated, a legal opinion from a former senior official in the Combines Investigation Branch of the government of Canada making the point, and I quote part of the letter:

> The Director of Investigation and Research by law is restricted in his ability to deal with matters outside the purview of the Combines Investigation Act and cannot fully probe the allegations about government involvement in the uranium cartel.

The Prime Minister and his ministers have several times today defended this narrow inquiry by the Combines Investigation Act branch because it deals with the purposes of the inquiry. Our point and the point of the people of Canada is that the purposes of the inquiry are too narrow because they exclude the role of the government of Canada. Will the Prime Minister now call a major public inquiry that will look into the role of the government of Canada and not simply the companies the government seeks to blame?

Some hon. Members: Hear, hear!

[Mr. Clark.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as to the long preamble by the Leader of the Opposition about the government forcing companies into this operation, I urge him to read a public letter sent by Steve Roman of Denison Mines, a citizen who members opposite may have heard about, who indicated that these orderly marketing arrangements were to the great benefit of producers and workers in Canada. Therefore this argument about forcing is obviously a spurious argument.

The additional preamble about the government forcing people to do something and then blaming them for illegality is obviously controverting my earlier answer. I did not say that. I said that the government had a policy which authorized an orderly marketing arrangement and to the extent that companies acted within this policy, they were doing what the government had requested and advised for the protection of the workers and the producers.

In so far as any other illegalities having been entered into by anybody, producers or for that matter the government, we hope it will come out in the investigation by the combines investigation office. The Minister of Justice has indicated that he did not agree with the legal point made by the Leader of the Opposition. He undertook to look into it. He will look into it and report to the House at a further date. However, until now we have asked the combines investigation officer to look into all aspects of this and to the effect that anyone in Canada might have broken the law, including the government. We are absolutely convinced that was not the case as far as the government is concerned. We have no knowledge what some companies may have done under the pretext or cover of government policy.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. During the course of the question period today on a number of occasions I extended some considerable leniency that I obviously cannot continue to do because it is cramping greatly the opportunity for other members to express their points. I extended some leniency in respect to preambles to questions and long answers. I want to serve notice to the House that I cannot continue to do that. Today I have attempted to compensate somewhat by allowing the Leader of the Opposition extended time. I will certainly allow him a final question and close off the question period in that way. However, I have to indicate to hon. members on both sides that in order to try to share the question period time adequately among both the front and back benches on both sides, henceforth questions and answers will have to be a good deal shorter than they were today.

Mr. Clark: Thank you, Mr. Speaker. I will be very brief. If I can get the Prime Minister's attention—

Mr. Trudeau: Why didn't you ask the question during question period?

Some hon. Members: Oh, oh!

Mr. Clark: My question is for the Prime Minister who is trying to assume the role of Speaker. Will he guarantee to the House of Commons that there will be an inquiry broad enough and public enough to investigate all aspects of the involvement of the Government of Canada?

● (1212)

Mr. Trudeau: I just gave an answer to that question. At the request of the opposition, we referred this whole matter to the Combines Investigation investigators. Having done that, we find they want some other investigation. I would think that had the Leader of the Opposition wanted to ask that question he could have done so at the beginning of the question period rather than now.

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[*Translation*]

Mr. Matte: Mr. Speaker, I rise on a point of order.

Mr. Speaker: The hon. member for Champlain on a point of order.

Mr. Matte: Mr. Speaker, I would like to draw your attention on two important technical points which should be respected if we are to preserve the rights and privileges attached to the functions of hon. members.

Mr. Speaker: Order. The hon. member for Champlain has the floor.

Mr. Matte: Mr. Speaker, I will deal first with the omission, probably unintended, that Your Honour has made during the second round of questions. Yesterday, in spite of all my efforts to be recognized, while I rose and sat at least ten times, you did not consent to give me the floor.

Our party was limited to only one intervention, that is the one of the hon. member for Bellechasse (Mr. Lambert) yesterday and the one of the hon. member for Roberval (Mr. Gauthier) today.

My second point is about the time reserved for motions under Standing Order 43. I have noticed on several occasions that you proceeded to the oral question period when there were still a few seconds left before 11.15. However, this is less important than the fact that this period usually lasts only seven or eight minutes whereas it is supposed to last 15 minutes.

I think there could be two possible solutions: one would be to allocate 15 full minutes to this period as long as there are enough motions to fill it and the other to start that period as soon as the required 20 members have taken their seats. This is not only a question of order but also a question of equity for all of us.

Mr. Speaker: The hon. member for Champlain is offering to consider, and I will ask him to do so, what happened during the oral question period yesterday, today and on other days when I gave the floor to hon. members of each party according to the number of members of each party who were present in the House. It is indeed the Speaker's judgment on each occasion to recognize each member according to the number of members of each party who are present in the House at the time.

Order, please. The same applies to motions under Standing Order 43, before the daily oral question period.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Monday, October 24, consideration of the motion of Mr. Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session.

Mrs. Sauvé: Mr. Speaker—

[*English*]

Mr. Malone: Mr. Speaker—

Mr. Speaker: Order. I understand that the debate last evening concluded with a vote. If the hon. member for Battle River had the floor prior to the vote, that certainly places him in a difficult position. I am not sure how much time the hon. member had taken up; if he were severely prejudiced I might consider allowing him a few minutes now.

Mr. Baker (Grenville-Carleton): On the point of order, Mr. Speaker. If my hon. friend from Battle River is given the opportunity to complete his remarks your decision will certainly be considered appropriate on this side of the House, but since the Minister of Communications has already been recognized perhaps Your Honour would consider calling on my hon. friend immediately afterwards.

Mr. Speaker: It we are to do it at all, we had better give the hon. member for Battle River five minutes now in which to complete his remarks.

Mr. Arnold Malone (Battle River): Thank you, Mr. Speaker. It is a sincere problem we are facing in response to the Throne Speech delivered a few weeks ago.

Yesterday, just prior to the vote, I was pointing out that in essence what the government has done has been to waste a decade for Canadians. It has wasted our resources, it has wasted our development but, more important still, it has wasted the trust and confidence of Canadians. Take a look at the regional disparities which exist in the country today. We note that the Prime Minister (Mr. Trudeau), campaigning in Edmonton in 1974, stated that in no case would rail charges for the short haul exceed those for the long haul. The truth is that the same inequities exist today. Take a look at the abnormalities in freight rate structure categorized by the Department of Transport. In no less that 22 categories anomalies in freight rates continue to exist. Here we are, three and a half years after the last election, and there are still 22 groups of anomalies in the freight rate structure.

This is the situation to which we have come—one million unemployed, major industries closing down everywhere, not just in the Sudbury basin—small companies overloaded with paperwork. The dollar bills we use today should have been minted rather than printed. We heard last night that for the first time the dollar has dipped into the 80 cent group and the degree of regional disparity is reflected by the fact that the five eastern provinces have 37 per cent of all the unemployed. More despairingly still we find that an added 50 per cent of our young people today are among the unemployed, the unemployment rate having doubled since the present government took office.

Then, there was the startling information that the government will have to contribute some $4 billion in unemployment insurance, up by more than $1 billion as compared with a year ago, which simply illustrates that the government of the day has no strategy for coping with unemployment or satisfying the needs of the nation in terms of providing incentives to develop the economy. The government should be charged with the rape of the nation. In 1968 federal expenditures amounted to $9 billion. Today, those expenditures have risen to $40 billion with a $9 billion deficit. So, when this government took office we had a $9 billion budget and today we have a $9 billion deficit. This shows clearly and succinctly that the government is simply incompetent to run the nation's business. In the six years from 1970 to 1976, federal expenditures increased by 61 per cent. What a waste of the people's money, especially considering that in the same period the consumer price index increased by some 55 points.

● (1222)

In face of all this mismanagement, we have to realize that there has been a double knifing of the farm population of this country. In 1976 we note that farm incomes in Canada increased two per cent but input costs increased 40 per cent. In other words, farmers had a net drop in income of 38 per cent.

Therefore, Mr. Speaker, I should like at this time to move the following motion, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That Your Majesty's advisers, by their failure to develop and implement a comprehensive industrial strategy for Canada, are directly responsible for the high level of unemployment and the loss of export markets, and have thereby forfeited the confidence of the people of Canada and this House.

[Mr. Malone.]

The Acting Speaker (Mr. Turner): With the permission of the House, the Chair would like to reserve judgment on this amendment.

[*Translation*]

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, like many Canadians I was pleased that the Queen, opened this session on the occasion of her Jubilee. I am one of the Canadians who hope Her Majesty will be able to fulfill her royal functions for many years to come with the dignity and graciousness which won her public admiration throughout the world. I also wish to congratulate the two new members who have moved the Address in Reply to the Speech from the Throne. Their speeches revealed, of course, their very good knowledge of public affairs and keen awareness of the political situation in Canada. For one of them the hon. member for Louis-Hébert (Mr. Dawson), whom I had the opportunity to see at work during his electoral campaign, such ability has not come as a surprise to me. He has already held several public offices and is highly qualified to perform his new duties brilliantly as a member of parliament.

The Speech from the Throne, Mr. Speaker, mentioned some of the steps the government intends to take to solve the national unity crisis. Today, I would like to state briefly in what political context these steps should be taken and what results can be expected at this stage of the debate on the Canadian Confederation.

What progress has been made, in fact, since the Parti Québécois was elected on November 15, 1976, in Quebec as well as in the other provinces, and at the federal level? In the province of Quebec, as everyone knows, Mr. Lévesque's party was elected on the promise to give Quebekers a good government and to postpone the separation of the province until a referendum is held to clarify its mandate. The results of what can be called the electoral trick which brought the Parti Québécois to power are beginning to show. Quebec is governed by a team of intellectuals and university professors without any experience in government—they are not really conversant with Canada's economic, industrial and technical realities and are in addition, given to dogmatic solutions.

I could give many examples to prove my point, Mr. Speaker, but I will mention only two. The PQ's sudden decision to increase the minimum wage to the highest level in North America stems from a very commendable concern for small wage-earners, but equating the minimum wage with social security while it is in fact an economic measure may well turn out to be more harmful than beneficial for those low income earners themselves.

How many small businesses have been compelled to fire one or two of their half-dozen employees? In fact, if the increase ordered threatens the small and medium size firms which are operating somewhat marginally, and if our competitive position on international markets is adversely affected in such

areas as the textile and shoe industries, who will be the first to suffer? Precisely those the government meant to help.

Likewise in the linguistic area. Under the guise of a cultural insecurity which is greatly exaggerated, the Quebec government is likely to complicate more than what would be normally acceptable, among other things the lives of head offices in Montreal. Montreal is admirably situated to serve as a practical link with New York City, where a great many deals are transacted, Toronto, and the rest of Canada. This vocation for Montreal, however, has now been seriously jeopardized. Yet the PQ party would prefer that we did not mention this. It suggests that to show the signs of a sure deterioration of the situation, as evidenced by the shocking number of houses for sale in the City of Montreal, is to indulge in political terror and seek to make a point through fear.

Of course, the economic situation is poor throughout the land, with the possible exception of Alberta where the growth rate is definitely higher than in the rest of the country. Quebec is certainly not the only region to receive hard knocks, but assuming that everything which is taking place in Quebec, that is a decrease in private investment and an unfavourable migratory balance, as it was quite recently pointed out by the new member for Outremont, Mr. André Raynauld, assuming that absolutely everything is attributable to the economic situation elsewhere, is it the time then to introduce political changes which are likely to disrupt completely the existing order? Through its propaganda, the PQ would like to generate a liking for Quebec but they themselves do not like Quebecers. They dream of new structures and of building a political authority which will tickle their vanity. They dream of independence when nobody is independent. They preach a state religion while forgetting that of the man they were committed to serve.

One of the things we must denounce in this government is its partisanship, and that is even more frightening than its political options. We have seen that during the great debate on Bill 101. We have been told, among other things, that the Parti Québécois alone is the embodiment of Quebec's collective soul, that those who do not agree with the party are suspected of sympathizing with Anglophones. But we have seen that the soul of Quebecers is less collective than one would think. When they prevented the distribution of Mr. Keith Spicer's audio-visual kit called "O Canada", a group of citizens of my constituency, of Ahuntsic/Laval-des-Rapides volunteered to distribute these kits to students who asked for them. In my constituency alone, 5,000 kits have been handed out and we ordered 2,000 more to meet the demand. This indicates that Quebecers will never be muzzled, even by a so-called interpretation of their own collective soul.

Likewise when the figures concerning the advantages of Quebec's participation in Confederation were published. What do they do when these figures show something different from what that party would like them to depict? The Quebec government publishes national figures which corroborate its own PQ theory and declares that all those who doubt the official interpretation are incompetent.

The main point to be remembered of, Mr. Speaker, is that the PQ team does not feel at ease to govern because of the fundamental ambiguousness of its terms of reference. How can the Lévesque government pretend to behave as a good provincial government and work in the interest of Confederation without destroying its own theory to the effect that federalism is a nonsense and Quebec must leave it? There is a fundamental contradiction which even those with the best intentions in the world will eventually be unable to live with.

Good government is not possible so long as the hindrance of independence is not removed. The Parti Québécois is fooling the people without caring to enlighten them. So many of its statements give rise to confusion: there will be no independence. That is what they said in the beginning; then they said it was inevitable. All of a sudden we were faced with sovereignty-association, as if it were possible to do something and the opposite at the same time. Quebec should at least be honest enough to tell us that sovereignty-association comes necessarily with independence, and then we will see how the people in Quebec will react.

Quebec cooperates with the federal government only when it is a matter of obtaining funds from this government. Nobody is fooled by this ruse. But we, in the federal government, will not refuse that cooperation, even though we do so reluctantly, unwillingly, because we do not want to deprive Quebecers of the benefits of Confederation. As far as we are concerned, Quebec has not yet separated.

What is happening in the rest of the country, because it is also important to know what will be the response of the rest of the country to the present crisis. It seems to me that after the initial shock of November 15, after the kind of disbelief at first in the real intentions of Mr. Lévesque and his team, Quebec's partners within the Canadian Confederation are now becoming clear-headed.

Slowly but surely English Canada is realizing that nothing can any longer be as it was before. Right from the outset some provincial premiers expressed a desire to get to the bottom of the problem. There was no outraged denunciation of bill 101, for example, on their part. The provinces, mostly English-speaking readily understood that they could not denounce bill 101 introduced by the Quebec government without blaming themselves. Quite fortunately their awareness of that uncomfortable situation prompted them to make the St. Andrews statement which I am sure will soon result in a human and minorities rights charter enshrined in a constitution and solemnly guaranteed by the supreme authority of the law. So we are on the right track.

What did the federal government think at the time bill 101 was introduced? In the name of a pluralistic conception of our society, in the name also of the freedom of movement of citizens throughout the country, in short, in the name of general and noble principles, we could have disallowed bill 101 or challenged its constitutionality before the Supreme Court. Apart from our historical reality and in terms of absolute principles, I for one would be prepared to fight fiercely for the

freedom of choice of the language of education in Quebec and in all Canadian provinces.

But is one justified at this particular time in our history to hide behind broad principles when, historically Francophones outside Quebec never obtained from the English provinces, with the exception of Ontario, where a great effort was made, the same rights as the English minority in Quebec?

• (1232)

[*English*]

One may have some feeling today about the situation in Quebec resulting from the passage of Bill 101. Nevertheless, they still enjoy their own public education system. How could we intervene in the name of our power of disallowance when we did not lift as much as a finger when the Francophones of other provinces were the subject of negligence and sometimes of hostility on the part of public authorities? How can one forget the Manitoba law in the beginning of the century when Francophones in that province were deprived of French schools, and the fact that at the time the champions of liberty had not felt that they should fight for those minority rights?

What about the time of this famous rule 17 in Ontario? Where was the federal government with its power of disallowance of that kind of thing? Where was the federal government when I, as an adolescent student in Ottawa, had to write my examinations in English? To think that today the federal government could have disallowed Bill 101 is to ignore our history.

[*Translation*]

This is tantamount to ignoring our history and the deep wounds that have not yet healed in the collective unconscious of French Canadians. To denounce the injustice of Quebec towards its English minority in the name of a superior conception of justice that the Anglophones have never respected themselves would have appeared quite indecent to the French Canadians.

When Confederation came into being, the English language then needed protection, since Anglophones were in a minority in Lower Canada. Georges-Étienne Cartier made reference to that when he said: "If we submit to the provincial legislatures and the imperial government a bill to create a general government, it will be our duty to protect equally all ethnic groups and their various interests." The English language was therefore protected in Quebec.

Are we to conclude that as soon as the demographic balance shifted in favour of the Anglophones throughout the country, justice and tolerance were disregarded? Canada was born out of the need for English and French Canadian to work together and it will not survive without this cooperation. The linguistic and cultural issue is not the only one of which Canada as a whole will have to be aware. Already in a minority in Canada as regards language, French Canadians are also dominated economically in their own province. In Montreal for instance, to continue in the same vein of the present debate, the economy is widely controlled by Anglophones and, as some have already said, in a hundred years of existence, none of the big English banks for instance has ever managed to appoint a French-speaking chairman and executive vice-president. Is it therefore any wonder that French-speaking Canadians are convinced that Anglophones can rise to the top of the economical and political ladder without having to speak French, while a Francophone will never be able to do so unless he is bilingual.

Out of 105 companies operating in Quebec with more than 1,000 employees, 91 are Anglophones. A study of those companies reveals that less than 10 per cent of the executives appointed by their a board of directors are French-speaking. I repeat a mere 10 per cent. And 41 of those corporations do not have a single French Canadian at the management level. All this in Quebec! In the face of such facts, it is easily understood why young Quebecers feel frustrated, when they they are relagated to the public service or self-employment, because they have no access to the best jobs available in their province. However, the situation can be corrected. At the federal government level, this is what we have attempted with a large degree of success.

According to a study conducted at my request, federal Crown corporations showed much more encouraging results than the private sector.

Among Crown corporations, the proportion of French-speaking executives is 23 per cent nationally. The proportion is still higher in Quebec, so that province's private sector is clearly lagging behind. Turning to the directorship level, French Canadians account for some 25 per cent of the total number of directors in our Crown corporations.

These statistics would have to be broken down of course to determine whether we are well represented in every area of endeavour of our Crown corporation. I note for instance that at the Canadian Museums Association, the proportion of Francophones is 50 per cent. A brief look at the study shows that we have not last ground in the cultural areas, but on the contrary, we are present in almost every field of endeavour of the federal Crown corporations. This shows that the ratio of French-speaking Canadians at the federal level is in proportion to the French-speaking population and that they have significantly more equal career opportunities.

Perhaps we were warned of such possibility by Sir John A. Macdonald, but the federal government has understood that a sharing of responsibilities was necessary for the harmonious development of the two founding people of our country. I quote Sir John A. Macdonald in an admonition to his English-speaking fellow-men:

> Looking through the directory of civil servants in Lower Canada, you would be surprised to discover your supremacy over all important positions. Be careful that the French people do not discover those facts and do not begin to expose them.

This was written in 1856.

In spite of those mistakes, those oversights and what I would call our lack of faithfulness toward the spirit which led French and English Canadians to tie their destiny, Confederation is not a failure. We are still speaking French, we have developed our identity and we enjoy a standard of living envied by many.

Indeed, no province in this country is entirely like the others within that Confederation and each in its own way is demanding changes. All have grievances about Confederation in its present form. For Quebec, of course, this is somewhat more obvious because of the language difference. We have one more grievance to add. However, Saskatchewan, for instance, is under many aspects more different from Ontario than from Quebec. Saskatchewan has the same social democratic concerns as Quebec, for example, and gives the same importance to the cooperative movement which Saskatchewan residents consider to have been an important tool for developing regional culture. In addition, there is in the west the same feeling of alienation which is expressed in various ways according to the events. Moreover, the particularities of the Maritime provinces deserve to be maintained if we want to escape the dullness of uniformization in Canada.

Therefore English Canada itself must become aware of its identity. This identity has many facets. English Canada is not homogeneous. It must decide what characteristics each region wants to safeguard within the unity of Confederation. Some will be discouraged at the idea of assembling such diversities within the Canadian Confederation. For my part, I see in this a source of hope because if it considers itself diversified, English Canada will be better able to understand Quebec aspirations and more stimulated to invent the formulas which would enable everyone to feel Canadian without having to give up his provincial or regional roots.

We must therefore take advantage of the present crisis to rethink our country and to rebuild it with our hands. The real danger is to lose interest in the problem of national unity. Introspection is not easy for individuals and even less so for countries and for entire nations. I have already perceived in some circles in my travels through Ontario a certain weariness about this problem of national unity in areas of Ontario which have been traditionally much closer to us than other provinces. This problem bores people when it does not irritate them.

On this level, it seems to me that the role of the federal government is absolutely crucial. It is up to the central government to spirit up lazy minds so as not to allow the country to slip away from us. Canada can survive only if very many of us want to save it. We are looking for and we must now recall those who want to save the country. Everyone must realize that he has no right to leave this task to his neighbour, because a desire to live together can only exist through individuals who are bent on uniting their destiny and no one can decide for someone else. In that sense the federal government cannot act as a substitute for the English provinces and federalist forces in Quebec to define the details of a new confederative agreement, but it can and it must exercise a leadership such as the Prime Minister has been doing so far.

Taking into consideration the change in mentalities and the new opening in English Canada after the impact of November 15, the Prime Minister did offer to take advantage of this new climate to reopen the constitutional issue and seek a renewed constitution.

In the speech he delivered in Quebec City, among others, he just opened doors and some new avenues and he declared himself prepared to join the provinces to launch this great debate. And he committed himself to clean the house from basement to attic if necessary.

But first it was necessary to find out about the tastes and needs of the dwellers of the house, the partitions they wanted to tear down and those they wanted to move away. The Pepin-Robarts Commission has therefore been set up to carry out this inventory and identify on another level the lines of force of any possible evolution or change.

Does this mean that the federal government, now that it has set up thses mechanisms, must sit back and wait? Certainly not, for it would be, in my opinion, a serious mistake on its part. For the federal government has its own message to contribute to this constitutional debate, and it must speak loud and clear. Of course, it is only one of the parties involved in this debate, but the provinces can no more assume its role in the reconstruction effort of our country than it can assume theirs.

It would be easy to re-write the Constitution to please Quebec, or to re-write it to please English Canada. But the real challenge is the one which is confronting us now, that of finding a formula which would be universally practical, without necessarily boxing up the country in a carcan which would render it powerless when faced with diverging regional interests. And the super-challenge is that of defining that new balance between the centre and the areas without the active and interested co-operation of the PQ government now in power. The participation of the Quebec people will definitely be needed because the government itself will not co-operate in that endeavour.

It therefore seems that, in coming months, people will have to remember first that any federal offer to the provinces can only be partial since it comes from the central government. The new constitution cannot be brought forth by the federal government as if by magic. And even if, fortunately, we did discover the magic formula, it would still have to be rediscovered and reinvented jointly with the provinces.

On the other hand, the people can rightly expect us to be imaginative in the invention of new ways in which to exercise powers at both the federal and provincial levels. I feel that Canadians are justified in asking their central government to develop institutional changes to help us go from a federalism of confrontation to a federalism of "concertation".

Whatever new spirit we may hope will come from a new constitution, the fact still remains that in the meantime, and even after, any measure taken by the Canadian government shall, as I said earlier, take into account the past and the common subconsciousness of both founding groups. As Georges-Étienne Cartier once said "in trusting a federal government, the French-speaking population is showing confidence in our English-speaking compatriots. Would it be asking too much of the English that they trust the liberalism and the fair-mindedness of the French in local government?"

It should be recalled that the English were a minority at that time. One could not summarize more briefly our problems, as well as the terms of a durable solution to our problems.

In order to rebuild Canada, we must first restore the mutual trust between our two founding people. If we are not prepared to take common and personal measures to overcome those grudges and those prejudices which divide us, it would be useless to expect miracles out of any new constitution.

● (1242)

[*English*]

The Acting Speaker (Mr. Turner): Order, please. At the conclusion of his speech the hon. member for Battle River (Mr. Malone) moved an amendment. The Chair finds the amendment acceptable, and the question is now on the amendment. The hon. member for Vancouver Quadra (Mr. Clarke).

● (1252)

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, at the outset I should like to say what a pleasure it was for me to hear the Speech from the Throne read by Her Majesty in the other place and to have an opportunity of seeing her at the various functions in Ottawa, as well as for my wife and me to meet Her Majesty and His Royal Highness Prince Phillip at the reception here in the parliament buildings. I should like also to congratulate the mover and seconder of the address in reply to the Speech from the Throne.

If it would not be considered irreverent by the House, I should like to say that recent actions of the government remind me of a story told me by Howard Clark, the former Primate of the Anglican Church of Canada. The story concerned a little girl who had a sports day coming on a certain Saturday so she was hoping for good weather. She believed in God and so she prayed all week for good weather. She was disappointed, however, because it rained on the Saturday and the sports day was not a great success. Her father was not a believer. He thought it nonsense to believe in a Supreme Being and he said to his daughter, "You see, your prayers were not answered because it is raining today." The little girl showed her faith by replying, "Oh no Daddy, God answers. He always answers. It is just that today the answer was no."

I was reminded of that story because I know that Canadians have been praying the government would take some action to get this country moving again, to get people working again, to cure the many ailments of the country. I am sure that Canadians praying for action must have felt as the little girl did, that God—in this case the government—had said there were not going to be any goodies that particular day.

I want to mention two areas of the Speech from the Throne that may seem unrelated, Mr. Speaker, but I can assure the House that I shall relate them to one another. One is dividends on stocks of Canadian companies and the other is unemployment insurance. The connection may seem tenuous but I hope you will not feel that way when I have finished my remarks.

[Mrs. Sauvé.]

Let me begin by referring to the remarks of the Minister of Finance (Mr. Chrétien). The document we were handed that day looked very much like the budget document handed to us on March 31 and I thought we were getting a budget or a mini-budget. The government insists it was neither but simply an economic and fiscal statement. Whatever it is called, Mr. Speaker, it made only passing mention of unemployment and unemployment insurance. I thought that odd because in the Speech from the Throne Her Majesty made some moving comments about unemployment, unemployment insurance, inflation and all the other problems we face in Canada today. I should like to read a couple of sentences. At one point Her Majesty said:

> High rates of unemployment and inflation are clear signals of the inadequacy of economic strategies appropriate to simpler times.

That may be the case, but I wonder if it should not have made reference to simpler minds rather than simpler times. We must ask ourselves who has been in power for the last 14 years? Who has been in charge of the affairs of this country? Fourteen years is long enough to make any changes considered desirable.

Perhaps Her Majesty's remarks concerning unemployment in Canada were more moving when she said:

> The human hardship imposed by the current level of unemployment in Canada is deeply disturbing. It is neither just nor tolerable that in this country there should be so many men and women deprived of the dignity of self-supporting work, unable to meet their financial commitments and plan confidently for the future. It is intolerable that so many are deprived of their right to secure and productive lives, and that their families bear an unfair burden of worry, uncertainty, and deprivation.

Those are very moving words and describe quite accurately, I am sure, the problems and feelings of many Canadians who find themselves in that position through no fault of their own. It seems strange that the government has repeatedly refused to adopt a solution suggested by this side of the House which I am certain would have positive effects on the economic condition of the country and be effective in relieving unemployment. The government says that, of course, all these policies are not going to work, that they are on trial, unproven. The answer to that is that the policies the government has applied have been tried and proven not to work.

The Minister of Finance said that dividends will remain under control for at least another six months, until April 1978 and the increase will be restricted to 6 per cent instead of the 8 per cent allowed previously. Some two years ago in the Anti-Inflation Act then before this House there was a provision that dividends would be frozen, that no increase would be allowed. That provision ignored the fact that many Canadians had taken action to provide for their own wellbeing in old age and relied to a large extent on dividends from investments made from their savings.

The government eventually realized it would be unfair to allow wages to increase by up to 12 per cent while freezing dividends at the level of the year before even though inflation continued. Now, we find they have taken a similar step in principle and restricted the amount of increase on dividends to 6 per cent all the while admitting that inflation will be in

excess of 8 per cent. The numbers may be a little different but the principle is the same. The government has ignored the fact that the provisions now put forth are imposing a hardship on those very people who have been thrifty and saved and now rely on dividends for a portion of their income. It is cruel to allow inflation to continue at 8 per cent while restricting dividends which form part of a person's income to 6 per cent.

I see it is one o'clock, Mr. Speaker. I shall continue my remarks at two o'clock.

The Acting Speaker (Mr. Turner): It being one o'clock I do now leave the chair until 2 p.m. this day.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Clarke: Mr. Speaker, before the lunch hour I was commenting on the policy of the government in restricting dividends, a practice which inflicts a penalty upon retired Canadians who rely on dividends for a portion of their income. The government may say, "Yes, but we have indexed pensions to protect the retired people of this country". However, I think we should note that probably only one-third of the workers currently in Canada are covered by any kind of retirement pension plan besides the government pension plan, which provides at best a limited benefit. Of course, private pension schemes are not indexed, and retired people are therefore left on their own to get their income out of their savings.

I think the most important aspect, however, of the freeze on dividends—and the biggest negative factor—is the effect that it has on investment in Canada. Capital, as well as labour, is hit. Capital, naturally, cannot be invested at low rates while there is a high rate of inflation, so if we have a rate of inflation of 8 per cent, capital has to seek the real return that it earns in addition to the 8 per cent. That is why mortgage rates in Canada today exceed 12 per cent. In its search for high returns, capital is discouraged, therefore, from investing in Canada because of the freeze on dividends, or at least the limitation to a 6 per cent increase. If there is no investment of capital in Canada, there will be no creation of new jobs.

Workers all over Canada who have their savings held in pension funds are also interested in the dividend rate because the accumulated dividends in pension funds all over Canada become investment capital for the future, thus creating jobs. When dividends are restricted and capital formation, therefore, is restricted as well, those jobs will not be available. Capital probably finds its best investments in other areas where regulations are not so strict.

● (1412)

I think I have arrived at the tie-in between dividends and unemployment insurance. As I said at the beginning, I want to talk about dividends and unemployment insurance and I will tie the two subjects together. Many members may not realize how important a topic unemployment insurance is. It would be well to remind the House that the estimated current expenditures on unemployment insurance—that is, payments to those unemployed—in the current fiscal year is estimated to be $4,200 million, over $4 billion. In order to get that figure in proper perspective, I remind the House that it is approximately 10 per cent of the total budgetary estimates of the government of Canada for this fiscal year.

Another way of relating it to the over-all financial situation is that unemployment insurance payments will approximate one half of the total budgetary deficit for the current fiscal year. It is now projected to be over $9 billion. Therefore, we are talking about an expenditure, in total, of over $4.2 billion. That is a large enough expenditure. However, the problem of unemployment insurance is two-sided. Not only do the unemployed add to the expenditures of Canada, but because they are not employed, they are not earning wages and, therefore they are not paying taxes and not adding to the revenues of Canada. Therefore, there is a double loss to the country. On the one hand, we have people taking money from the treasury; at the same time, those people are not in a position to put money into the treasury. I am in no way suggesting that it is their fault; I suggest it is the fault of the policies of the government opposite.

The government will boast of all the new jobs that are created. What they do not tell us when boasting of their 200,000 new jobs, is that the number of workers exceeded the number of new jobs created in this past year by some 128,000. There are 128,000 people coming into the work force where no jobs exist. Until they have a job in the work force, there are no unemployment insurance benefits because they have not worked to earn the credits that are necessary.

The minister and the Prime Minister (Mr. Trudeau) both announced a new program of $150 million to develop some 30,000 temporary jobs. It is worth comparing that with the total problem. At today's rate of unemployment insurance, the $150 million will keep the unemployed in benefits for a little over one week. This is hardly a program one can laud on the basis it will take care of the problems. It is a lot like many other government give-aways that we have seen in the past, give-aways which may attract a little favour in the government's direction but which really do nothing in the way of creating permanent jobs that Canadians want today.

For some five years I have campaigned against this kind of government give-away. I started with the Local Initiatives Program and Opportunities for Youth. Certainly, the recipients of these programs were enamoured by the fact that they were getting a few dollars. However, when you sat them down and pointed out that at the end of that particular program they would be back on the sidewalk without a job, they could see it was just a trick of the government to take the heat off.

Some hon. Members: Hear, hear!

Mr. Clarke: We now have the spectacle of Canada Works. I do not know how it is working in all parts of the country, but the figures in my constituency may be typical. In Vancouver Quadra we had applications for Canada Works grants totalling $1.2 million. The budget for Vancouver Quadra was $100,000. The government has funded less than 10 per cent of the need. If there are members opposite who think Vancouver Quadra should be entitled to more, I will agree with them.

Even the Liberal government would have difficulty in justifying how nine constituencies in British Columbia received the minimum of $100,000, while two Liberal constituencies—one of the minister from Skeena—received $4½ million, and the other, Coast Chilcotin, received over $2 million. One would not want to suggest there is anything political about those allegations, but one might have to guess at it. The government recognized that there may be a need, and they designed a program. The shortfall is alarming. In the case of the unemployed and the $150 million, one week of benefits is covered by this little extra gift. In the case of Canada Works, less than 10 per cent of the need in my area was met by such a program.

We on this side of the House, my leader in particular, have called for a major overhaul of unemployment insurance payments. First, the government has to decide whether unemployment insurance is to be an insurance scheme or a welfare scheme. At the moment it is hard to see any difference between unemployment insurance paid as a kind of welfare item, and other give-aways which the government brings in from time to time. It would be easy for the government to let Canadians know the cost of their unemployment insurance plan. At the moment it does not matter about the level of unemployment; the government picks up the tab for the shortfall between the payments out and payments in by workers and employers. This year the shortfall will be something like $1.7 billion. I am not sure Canadian taxpayers really care whether they pay that kind of cost through tax premiums or through tax payments into general revenue. However, it is only fair of the government to let Canadians know the cost of this kind of program.

When talking about costs you need to take a much closer look at unemployment insurance abuses. Here we have not just the attack on individuals who may be abusing the system, and that certainly exists. We have all heard of the Canadian ski team at Banff getting their cheques mailed to them, and the thousands of cheques that went unclaimed during the last postal strike because whoever the unemployed were, they were not interested or needy enough to pick up their cheques when they were made available to them.

It is not only individual abuses: there are abuses of the system by the system. That is the kind of abuse which allows high income earners to collect unemployment insurance during the off season. I know one fisherman on the west coast who can earn $60,000 during the season, and quite legally collect unemployment insurance in the off season. He is perfectly entitled to that because that is the way the rules are. We on this side happen to think that unemployment insurance was not intended for that kind of individual.

We do not intend to lose sight of the regional disparities in Canada. We know very well there are areas on the Atlantic coast, for example, where job openings are non-existent and the number of people seeking work is enormous. We also know there are people in other areas in a similar situation. If I may use the example of Edmonton, there are people unemployed although there are many jobs going begging. In those cases, people would rather be unemployed than go to work.

We can trace that attitude back to the government policy which has made it attractive to be on unemployment insurance. There is certainly a need for real protection. We are not in any way suggesting that the breadwinner of the family who is genuinely unemployed should in any way lose the protection of the unemployment insurance scheme. However, we are not at all certain that Canadians, recipients or payers, want it to be a welfare scheme, which is the way it seems to be right now. We see that the policies of this government have created practically a whole generation of people who have no incentive to work, because the government has made it so attractive not to work. We think the system needs an overhaul so that kind of situation can no longer exist.

I said I would relate these two apparently unrelated topics. I hope I have made it clear how they are related. I think they need to be considered together. We urge the government to come up with some kind of comprehensive economic plan which will get Canada moving. We do not need so-called economic and fiscal statements of the kind the minister gave us last week to tell us what the government hopes to do by way of piecemeal efforts. What is needed is a comprehensive plan which would solve a few of these problems all at once, instead of all these stop-gap measures we are getting from the government.

● (1422)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I confess I have lost track of the number of times I have taken advantage of the debate on the address in reply to the Speech from the Throne to speak about a subject which is a favourite of mine, namely, pensions, including old age security and all our other pension programs, in particular the programs which affect our veterans. There is no doubt about it, I intend to make another speech on that subject this afternoon and I shall continue to do so in such debates as this, year after year, as long as it is necessary for the case to be made in this House for our senior citizens, our pensioners and our veterans.

It is clear that the case needs to be made at the beginning of this session. Not long ago the Minister of Public Works (Mr. Buchanan), in a speech outside this chamber, flew a kite—I suppose that was what he was doing—by suggesting there should be some curtailment of family allowance payments and of old age security benefits. I said what I thought about those remarks right away, and the Minister of National Health and Welfare (Miss Bégin) also expressed her view—a view which

was quite the reverse of what the Minister of Public Works had put forward.

This gave me some encouragement, at least for a few days. Within the last few hours, however, news has come that the Minister of National Health and Welfare has said that members of the cabinet are pressing her to cut back on family allowance payments and on payments to those who qualify for old age security benefits.

An hon. Member: Mean.

Mr. Knowles (Winnipeg North Centre): The minister says she is resisting this pressure. Mr. Speaker, it appears to me she is going to need some strength if that resistance is to be effective. Then, of course, she comes out with the old saying that this is a period in which we have to exercise restraint, in which we have to save money, and maybe it is in the field of our social programs that this restraint will have to be shown. Mr. Speaker, that is utter nonsense. Furthermore, it is cruel and heartless.

The government is in trouble, there is no doubt about that. But there is no reason why a government which finds itself in trouble, particularly in the economic field, should look first of all to its workers and the wages they get and, along with workers, at our old age pensioners and other recipients of various social security benefits and say that those programs have to be cut back.

It is precisely because there is uncertainty in this country and precisely because of a lack of confidence in our future that this is the time, I suggest, when we should be eliminating causes of unfairness and moving faster in the direction of fairness and equality for our people. If we tell our older citizens and our veterans that they are the ones who must make sacrifices in the interest of a government which is in trouble we shall not add to confidence in this country but, rather, we shall lessen it. I therefore suggest once again that not only should cut backs be avoided but that there should be advances in our social legislation.

Before anyone asks me whether we can afford it, or where the money is coming from, I would ask the House once again to look at this whole matter in its proper perspective. What has to be considered is not just the figures in the budgets of our various governments but the total production of Canada and the extent to which we are letting our older people share in that production. The estimates for the year show that Ottawa is spending about $5 billion toward the provision of old age security, guaranteed income supplements and other means of maintaining the incomes and the lives of our older people.

I do not know how much other income Canadians 65 years of age and over receive and I doubt whether it is possible to put this information together from the statistics available. But I do know some things. I know that 30 per cent of the nearly two million Canadians who are over 65 have nothing else but their old age security and their guaranteed income supplement upon which to live. I know, also, that a further 30 per cent of those 65 and over have very little else because they qualify for part of the income supplement. I know that many others in the top 40 per cent are experiencing difficulty in getting by in these times of inflation. Therefore I think I am doing a bit of legitimate and justified guessing when I say I doubt whether the total income in the hands of our senior citizens is more than about $8 billion, $5 billion of which comes out of the federal treasury and the rest from some of the provincial treasuries as well as from incomes which some of those over 65 might receive from other sources. My figure could be wrong. Maybe it is too high. If it is too low, I am sure the total does not go beyond $9 billion or $10 billion. But I believe I am pretty close to the truth when I suggest the figure is about $8 billion—I am talking about the total income of the two million Canadians who are aged 65 or over.

These people represent about one-twelfth of the population. But if that one-twelfth is receiving only $8 billion of income each year I ask our members to relate that figure to our gross national product—not to the budgets of governments, but to what we produce in this country. What does our gross national product—gross national expenditure as Statistics Canada calls it—amount to in a year? It is running in excess of $200 billion. The $8 billion which we provide for our senior citizens is one twenty-fifth of the total production of this country. That is, we are giving one twenty-fifth of the total production of this country to one-twelfth of the people. That is mean, inhumane and unfair, and hon. members, whether in the cabinet or elsewhere, have no right to suggest that this is a time to cut back on social programs, that this is a time to cut back on old age security or, indeed, on family allowances, although that is another matter which is separate from the statistics that I have been giving.

• (1432)

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Those on the other side who are applauding, are applauding my position. It is good to have some applause from the Liberal backbenches.

Mr. Symes: But will they vote for it?

Mr. Knowles (Winnipeg North Centre): Whether they vote for it or not, through the decades we have taken this position we have made very real gains. We have been doing so for years, and we shall keep right at it.

Therefore, Mr. Speaker, because the fair thing to do is to improve the position of our senior citizens, I say let there be no more talk about cutbacks. Let there be no more proposals or flying of kites calling for curtailment. Instead, let us advance our social programs and try to bring the portion of our gross national product which we provide for our senior citizens a little closer to the portion that they deserve. It is not fair to give to one-twelfth of our people, the older people who built this country, only one twenty-fifth—or, if my statistics are out, only one-twentieth at the most—of the wealth that we are producing at the present time.

I emphasize again that these people may not now be in the work force. They may not now be part of the productive

process. But they built this country to the point where it can now produce that much wealth in the course of a year. This is why I call for an increase in the basic amount of old age security. It is now up to a little over $150 a month, and there is the $105 a month guaranteed income supplement available to those who have nothing else. But not only are the global figures which I have given indicative of how unfair we are to our older people; those figures—$150 to everyone 65 years of age or over; $255 to those who also have the supplement—show that we are not doing what we ought to do for our senior Canadians.

I have already filed my usual resolution for a private member's debate one of these days, I hope. I suggest in that resolution that the basic amount of the pension should now be raised to $300 a month. Let hon. members not throw back at me the question: Where is the money coming from? Any government that cannot direct the affairs of this country so that a group of people as large as the senior citizens are do not get their share is a government that does not deserve to sit across the way.

Not only do I call for an increase in the basic amount of old age security; I call for the escalation formula to be reviewed and put on a proper basis. It is good that there is escalation, that the pension moves up a little bit every three months. But it is always behind. It always relates to the increase in the cost of living which took place several months ago as compared with a few months earlier still. It is never an increase to enable senior citizens to meet the cost increases of the current month or quarter. So I call for a review of the whole escalation formula.

I also call for a lowering of the eligible age, certainly for those who are out of the labour market. I am not at the point of saying that there should be universal pensions at the age of 60 in the way we have them at 65, but I am saying that all those who are out of, or are prepared to leave, the labour market and who are between the age of 60 and 65 should have the right to their old age security at that time.

This leads me to say that I agree with the hundreds of persons, especially women, who write in because they find it incredible that a couple of years ago this parliament passed a piece of legislation having to do with spouse's allowance, providing a payment to a spouse, man or woman, between the age of 60 and 65 so long as that spouse is married to and living with an older pensioner, yet which provides nothing at all for the person of single status, widow, spinster, widower or bachelor. In most cases, those who are denied pensions in this category are spinsters or widows. But those who write to me just do not believe this. They write, "Mr. Knowles, did parliament pass that?" They do not believe that the parliament of a civilized country would have been so uncivilized. I call for this spouse's allowance to be replaced by an old age security pension which is available to everyone between the age 60 and 65 who is out of the labour market.

I also call, Mr. Speaker, for amendments to be made to the Canada Pension Plan. There are a number of technical improvements that I should like to deal with, but they can be raised, at some other time. I want to make once more the main point which was made this morning by one of my hon. friends to my left in a motion under Standing Order 43, namely, that we should lower the eligible age under the Canada Pension Plan to 60 for those who leave the labour market.

I know there is a lot of talk about the right of people to work until they are 65 or 70, or 85 or 90 as some of us might like to do. But the fact is that many workers, especially those in the heavy and dirty industries, can hardly stand the racket until they are 65. If you gave them the chance to retire at 60 on old age security and on the Canada Pension Plan, as well as on any other pension they might have, you would immediately release from the labour market many thousands. This would be of help in alleviating the unemployment situation at the present time. Why keep these older people working with their noses to the grindstone, when they would be entitled to pensions and there are younger people who want the jobs? These are reforms that must be made, and I call on the government to make them in this session of parliament, despite all this talk about restraint and there not being any money to spend on social programs.

I also plead for a new look to be taken at what we are doing for our handicapped people. We have been slow in getting anywhere in this area. The Canadian Council on Social Development a few weeks ago published a very thick volume on the state of our programs for the handicapped of this country. That volume tells a story of a hit and miss operation which does not really recognize the fact that a decent, humane society would try to put those who have handicaps in a position as nearly equal as possible to others. This runs all the way from the structural changes which we should make in our buildings, to special equipment, wheelchairs, transportation, hearing aids and all the rest of it, including adequate pensions or allowances for the blind, to whom we owe a special responsibility. These matters we have hardly touched. We have made a start and we have some legislation, but we are not going to be able to call ourselves a decent, civilized society until these people get all they really need in order to live life as nearly as possible on the basis that it is lived by those whose health and physical capacities are good.

So, Mr. Speaker, I plead for more attention to be paid to the blind and the disabled. Let us not have any talk about this not being the kind of session when these things can be done. It is precisely because there is unhappiness in Canada, because there is a feeling that things are not fair, that we should correct the situation my moving in this direction.

I turn now to another question which I think should be dealt with in this parliament, and that is the whole question of the escalating or indexing of pensions. I know there are certain spokesmen for insurance companies and other bodies who are carrying on campaigns against the indexing of the pensions of public servants, retired RCMP, armed forces personnel, and so on. They argue, why should these people have their pensions indexed when other Canadians do not? That is a good point; if some get it, others should. But the answer to that question is not to take away escalation from those to whom we have given

it; rather, let us make it the law that every pension should escalate. Every pension should be indexed. A pension which does not keep up with at least the rising cost of living—and in my view it should keep up with the rising standard of living—is not a pension at all.

● (1442)

These people who are spending money complaining about such indexing as there is should spend their money, their energy and their thought in going in for the proper indexing of all pensions, requiring private pension plans to be indexed or setting up a government scheme for it. In that way things would be a lot better. I know there are those who like to say, "What will it cost down the years? Will future generations be able to afford the pension plans that we build up?" I have said it many times, but let me say it again.

Mr. Baker (Grenville-Carleton): Say it again, Stanley.

Mr. Knowles (Winnipeg North Centre): Thank you. My good friend always encourages me to keep going. People on pensions do not live on savings. They do not live on food, clothing and shelter which they have saved from the days when they worked. They live on current production. They live on a portion of what society is producing today. Pensions are just a form of bookkeeping. Just as we decide that children, even though they do not work, will be cared for, so we decided by the granting of pensions that older people will get their share of the wealth that is being produced by a society which is more productive and more capable because they brought it to that point.

This being the reality of the situation, we should start with the simple proposition that retired people should get a pension to enable them to continue to enjoy life as they enjoyed it at the point of retirement, and that they should be able to keep up with the rising cost of living. I go further by saying that I should like to see the day when pensions will rise in accordance with the rising standard of living. At least, if we can get it across the board that pensions must keep up with the rising cost of living, that will be a real improvement.

I hope the studies being made under the direction of the government, under the direction of the President of the Treasury Board (Mr. Andras), the Minister of Finance (Mr. Chrétien) and the Minister of National Health and Welfare will come up with something very soon. I hope those studies will answer this nonsense that we have had against the escalation of pensions. Instead of allowing that nonsense to continue, I hope we will start attacking the real problem, which is to see to it that the pensions of all our people are properly indexed.

My friend who spoke before me had a bit to say about pensions. He talked about them in another context, but he made the point that very few Canadians who retire have a private pension plan at all. Of course, that just shows that what we really need today is to enlarge greatly the scope of the Canada Pension Plan. I hope the day will come when the Canada Pension Plan will be large enough and the percentage of one's earnings while he was working, that he receives as a pension, will be large enough so that our older people will really have a break in being able to live on their combined old age security and Canada Pension Plan.

Mr. Speaker, that almost leads me to the remarks I had in mind by way of summing up this little speech, but I will save what I had in mind to the end because there are a couple of other things I still want to say. First, I mention once again the railway pensions. It is good that there have been some increases. Even the CPR finally got around to the point of making a slight increase in the pensions of those who retired some years ago. I have been receiving interesting mail on this point. I get letters from some who are delighted. An extra $20 or $30 a month to a retired person who is just getting by seems a good deal, and they are most grateful for the efforts which have been made on their behalf.

I get letters from others who get a small amount or who are left out altogether, and they wonder how long the CPR is going to get away with it. Both the CPR and CNR should be required by law, by this parliament and by this government, to excalate the pensions of their retired workers and the survisors of those workers, in accordance with the rising cost of living.

An hon. Member: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I am proud of what this parliament has done. I am proud of what my generation has done. My generation has been in this battle, in politics, in the church, in trade union movements, in farm organizations, and what have you, for 40 or 50 years. I am proud of what we have done in bringing forward these social programs. But unless we extend them, unless we cover everyone, and unless we escalate them to keep up with the rising cost of living, their value will deteriorate and instead of having a happy, contented and satisfied generation of older Canadians we will have people who will be complaining, as everyone else does, about a government which does not know how to run this country.

Before my time runs out, I should like to say a few words about another group, and I refer to our veterans. I am glad to see that my good friend, the Minister of Veterans Affairs (Mr. MacDonald), is with us this afternoon. We all have a great deal of respect for him. For myself, I appreciate and welcome the way I feel he fights with those cabinet colleagues of his for the break our veterans ought to get.

Mr. Paproski: Not hard enough.

Mr. Knowles (Winnipeg North Centre): Yes, the interjection by my friend, the hon. member for Edmonton Centre (Mr. Paproski), is quite correct. It is not hard enough, but he is fighting as hard as he can. But with the colleagues he has, he has to fight a lot harder.

Just as I am disappointed that there was no reference to old age security in the Speech from the Throne which Her Majesty read to us, so was I deeply disappointed that the Minister of Veterans Affairs was not able to get into that speech some reference to veterans. I pleaded with him during the last session to try to get the cabinet to agree to that, but there was

no reference in it at all. Well, that means we do not have a guarantee that anything will be done in this session for veterans. The fact that we do not have the guarantee does not mean we cannot persuade the minister to do something.

The first thing I should like to talk about is the wide gap which has developed between the average wage paid to five designated categories of public servants and the basic rate of the 100 per cent disability pension. As the minister knows, four or five years ago we passed legislation making the 100 per cent pension equal to the average income of five designated groups in the public service. That is where it started 50 or 55 years ago. We got away from it, but we got it back again three or four years ago. Already, it is out of line again. Now there is a gap of over $500 a year between that average which we accepted as a goal and the amount that veterans on the 100 per cent disability pension are receiving. Of course, if there is that gap with regard to the 100 per cent pension, it runs all down the line.

One thing veterans' organizations are pleading for most is the closing of that gap. Let us not wait another 20, 30 or 40 years until we get it back there again. Let us do it now. I plead with the minister to get that through his cabinet in this session of parliament.

Also, I plead with him on behalf of the widows of veterans, particularly those whose husbands' disability pensions were less than 48 per cent. For those cases there are no pensions at all. There is a lot which is good about our veterans' legislation, but to say to a widow, "If your husband had 48 per cent or more, you get the full pension; but if your husband's maximum was 47 per cent or less, you get nothing" is just about as inhuman and cruel as it can be. In these days, the number of widows who are being left with no pension at all is increasing. This is of concern to the veterans. I hope the minister will get action on that in this session. He must!

Also, I hope he will do something about a very small group of Canadian veterans—200 or fewer—who are survivors of World War I, who were prisoners of war in that first conflict and who were not covered. It is not our fault, nor the fault of the committee. It is not the fault of the minister. It was the fault of his cabinet colleagues that they were not covered in the legislation providing for prisoners of war compensation. It would cost only a small amount of money for those 200 people in the years they have left to live. They are all in their eighties or higher. Surely that is something this parliament can do.

While he is at it, perhaps the minister can also do something about the prisoners of war compensation for the escapers and evaders who were not actually taken prisoners but lived a very precarious existence on the continent of Europe in the last war.

● (1452)

I have no hesitation in saying that there is a lot that is good about our veterans' legislation, but that does not relieve us from the responsibility of improving it in such areas as those I have mentioned. The same goes for the War Veterans Allowance Act; there is a lot that is good about it. I am glad a review is taking place, and I hope that review will come up with something that is good for our veterans.

I see that the clock is getting around to the point where you will move to the edge of your chair, Mr. Speaker, so perhaps I better wind up. I am always glad, as I say, to have the chance in the debate on the address in reply to the Speech from the Throne to speak on a subject I have spoken about in the House, I suppose, a thousand times. That is not an exaggeration if you multiply the number of times per year I have spoken on it, by the number of years I have been here. I am proud of what we have done from the days when the pension was $20 a month at age 70, with a means test. I am proud of all the things that have been added, and I am proud of the improvements we have made for railway workers, retired civil servants, RCMP, armed forces and veterans.

But, sir, this is a different age from the one in which we started these campaigns. It is an age when we are producing $200 billion of goods and services in this country, and we have no right to stand and boast of what we have done in the last 40 or 50 years unless we give these people their rightful place in sharing what we now produce.

So I plead most strongly that these matters be dealt with in this session of parliament. I call in particular on the Minister of Health and Welfare and on the Minister of Veterans Affairs to do the job that is theirs in cabinet. If they do that, we can be proud of what we have done in this session of parliament to make life better for our senior Canadians and for our veterans. In doing so, we can make Canada a country of which all of us can be justly proud.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, allow me first to congratulate very sincerely the hon. member for Louis-Hébert (Mr. Dawson) for having been asked to move the Address in Reply to the Speech from the Throne. As could be expected, he agreed with the contents of the throne speech and this is due to the strict discipline of the majority party. Congratulations also to the seconder of the motion. It must be recognized that both members discharged their duty in a truly graceful manner. I acknowledge in spite of my short experience in this House that those two members should be very sincerely congratulated and this is what I am doing.

I am pleased to sit in this House, Mr. Speaker, on account of the mutually granted respect despite our differences of opinions and principles applying to the administration of the country. I think that the Canadian Parliament is an example for every democracy. It is really fantastic to note how members readily comply with the procedure while suggesting at times some corrections to try to improve it further. That is what democracy is all about and we must try to defend and improve it.

The Speech from the Throne is certainly the best listing of good intentions I have ever heard. Statements on the deplorable economic situation, on the catastrophic rate of unemployment and on our fragile national unity are to the point. Indeed we have been saying so for quite a long time. They are not new

realities and too many Canadians have lived with them too long. The throne speech points out the urgency of radically revamping Canada's economy. Finally, we have come to realize that something has to be done.

Now if we decide not to wait a hundred years to do something, I think we will succeed in demonstrating that Canada is not only a prosperous country but a country which considers its riches and does whatever is required to ensure their distribution to provide Canadians with a fair standard of living. Nothing is more obvious and that is exactly what the Social Credit Party of Canada has been claiming all along. I repeat that pious intentions and band-aid measures will never put the country back on the right track. What is needed is nothing less than a sound and intelligent reorganization of Canadian economic and monetary structures.

Mr. Speaker, the government is not proposing any concrete measures. For instance, the Speech deals with the new funding proposals which were made recently to the provinces in the area of social services. Two sentences further, it reads, and I quote:

It is hoped that the response of provincial governments will lead to the introduction . . .

—and realization. We had better hope indeed, when we consider the great constitutional problem which stands in the way of these projects and the bargaining we have to go through. Let us hope. What is needed is not only hope, but action. Why not give the provinces the fiscal jurisdiction they need to administer their services without their having to beg the federal government for money over and over again? The services would be more efficient, for they would be adapted to local requirements and that is why, as members of the Social Credit Party of Canada, at our last convention last weekend we adopted a constitutional position in keeping with the intention our Founding Fathers had when the first four Canadian provinces met and decided to establish the Canadian Confederation.

Then the federal government is a creature of the provinces and, if we want them to be able to carry out their responsibilities to the people of Canada, we must provide them with the necessary revenues to fulfil their financial obligations, and this is the reason why we definitely support the principle of a new constitution, tailored to Canadian conditions and drafted by the provinces, in which the jurisdictions of the central government and the provinces will be clearly set out. I think this is the only way we can ever hope to live together in harmony in this country.

In the final analysis, Mr. Speaker, what each of us is trying to achieve is peace, security and freedom. That is what we are seeking, whether we are French speaking, English speaking or new Canadians, we all want peace, security and freedom. That is why we all have to work together to determine the areas of provincial and federal jurisdictions. They should be clearly defined. We should have enough brains to do that, otherwise there is no point in having all those universities, political scientists, academics, economists and what not, if we are not able to come out with a sensible solution which will be acceptable to the whole country. This is our position with regard to the constitution, Mr. Speaker: respect of all by all and also respect for such covenant, such constitution as we shall choose to give ourselves.

● (1502)

Last July, during the debate on the motion of the Prime Minister, I explained in the House how we intend to meet to prepare this new constitution. I shall now repeat it. It may not be the only possible way, but it comes from the heart of a sincere Canadian who loves his country and who would like to preserve it under its present name, in its present dimension, but in such a way that we shall all be happy to live in this country instead of tearing at each other. We must work together to give to our children a country with a constitution that meets our aspirations and which is in complete accordance with the thoughts of the Fathers of Confederation.

We suggest that the provinces designate representatives outside of politics for a meeting that will take as long as it has to and that the federal government also designate someone outside politics, with representatives from the intermediate classes, from chambers of commerce, from finance, from industry, from national associations, from all organizations which have an interest in this country, and that those people, in accordance with the representations that they have been making for many years, develop a constitution project which will then be submitted to the attention of the provinces who can then decide among themselves if this constitution formula is appropriate. If they decide that it is, after defining the role of the federal government, they will invite representatives from the national and provincial political levels and then determine if the formula which has been studied and developed is valid. If such is the case, then comes the matter of the referendum. Mr. Speaker, our party was the first to suggest the idea that questions as important as this one should be submitted to the population through a referendum.

As secretary treasurer for many years, I have been somewhat involved in the question of referendums. This is where we must be careful.

The wording of the question might distort completely the aim of the referendum. That is what matters. The question should be plain. The question should be put in objective and clear terms so that when the woman, the old man, the worker or the farmer go to the poll to cast their vote they understand perfectly the question put to them, or that when they vote by "yes" or "no", their vote not be negative but positive. That is what matters, Mr. Speaker.

The Speech from the Throne details the efforts made under youth employment programs, but it fails to mention that the government spends a lot more on unemployment insurance than on those programs. I do not believe that that is an enticement to work. As for the supporting measures allowing the private sector to undertake projects in other countries, I cannot help but call them scandalous.

If we see fit to channel Canadian money into great projects in other countries, we should have enough courage to do the

same in our own country. If such initiatives are likely to create jobs elsewhere, we are likely to create jobs in our country if we do the same here. I think we should help underdeveloped countries but let us not allow our economy in Canada to decline at the same time pretexting that we have no money to help.

On the other hand, Mr. Speaker, I admit that I am a little disappointed to see that the government does not make any mention of the high unemployment levels with the hope that the situation will improve. On the contrary, we are told that the high unemployment and inflation rates demonstrate clearly that the economic methods of an often complex period are no longer applicable. It took the government many years to become aware of this.

It seems to me, Mr. Speaker, that it is a bit thick. Major Douglas and other enlightened economists have advised governments for years that the present capitalist economic system, and I do not use the word capitalist in a derogatory manner, is ill and that it is in dire need of remedies. That has been going on for years and still nobody does anything. Band-aid measures are taken, governments try to patch things up as best as they can but a new formula is neither accepted nor applied.

Mr. Speaker, will the government at last, and they themselves admitted to this failure, introduce a minimum yearly guaranteed income plan? I put the question yesterday to the Minister of National Health and Welfare (Miss Bégin) and she gave me an affirmative answer. But will it come about soon? Such a measure, combined with a retail discount for Canadian products, would only increase productivity because the national effort would be rewarded.

In addition, the purchasing power thus increased in turn can only lead to better productivity. Mr. Speaker, in this regard I was surprised to read in the newspaper *Le Devoir* for October 24 a statement made by the Minister of Finance (Mr. Chrétien). The article is entitled, and I quote:

Canadians Save To a Fault

I am absolutely flabbergasted, Mr. Speaker. The government, through its Minister of Finance, advises the people they will have to tighten their belts, that the government will have to spend less. Yet, that same Minister of Finance tells us two days later that Canadians save too much.

I therefore would like to quote a few lines from that editorial:

According to the Minister of Finance, Canadians who do not produce enough, save to a fault.

In every class of society, he said, but more specifically in the middle classes, expenses do not grow in proportion to increased incomes.

Canadians, he feels, "demand a lot but do not necessarily spend. They merely want to save for the future".

But, Mr. Speaker, what does saving for the future mean? It means that they no longer have confidence in the Canadian economy, that they are worried about tomorrow, that is all. And, on the other hand, can we blame them? Thrift is a virtue!

[Mr. Lambert (Bellechasse).]

• (1510)

Commander Desjardins, the founder of Credit Unions, taught us this virtue when he founded this economy inspired movement with a view to bringing children and adults to save their pennies and dollars, so that together we may be in a position to build and develop a business or an industry, within our community and give young people the opportunity to save money for their future. I belong to this generation, Mr. Speaker, I am one of those who still believe in thriftiness. But we should not let this seven headed monster that we call inflation harm us and get away with it.

Inflation, as we know it today, is bringing Canadian economy to its knees, it is tolling the knell of private enterprise. All we see about us are bankruptcies. Industries produce less, close their doors, lay-off their employees. In short, inflation creates misery. Inflation breeds unemployment. Inflation plays havoc with the savings of people who have worked on small wages for 40 or 50 years and tried to put a little money aside for their old age. Today, these people have to spend their scant savings on overpriced commodities. The consequence of that is to further diminish the small wages they used to make and the small savings they may have set aside. Yet there is something worse than that and this is why it must be said and we have to tackle this dreadful problem: the case of the Young People. What is going to happen to them? Young couples who buy a house at today's inflationary prices and who will be bound for the next 30 or 40 years to meet their obligations based on today's wages. This situation cannot last or otherwise it is of no use to have experience.

We know for a fact that someday we will have a recession. We are aware of the fact that incomes will be drastically reduced therefore these people who commit themselves today to meet certain obligations in order to acquire a home will necessarily have to give up the hope of ever keeping it. Their creditor will demand payment of the mortgage they signed and as these people will not be able to meet their obligations they will have to give up their home and then the mortgagee will be able to sell that same house at the current price on the market. The new buyer will then move into their house, but as a result the former owners will have been ruined because of inflation and these people are precisely those young couples of today taking commitments.

This is why I am saying that inflation and unemployment are twin brothers. Unemployment breeds inflation and inflation breeds unemployment. I have heard about that in this House since 1968. It is quite incredible to see that we are here 264 members vested with the highest authority on the land, yet we spend time talking in a lighthearted manner of these dreadful problems, not having the courage to pass measures likely to change the situation. We, from the Social Credit Party of Canada, are proposing some solutions. They may not be the best as there can always be something better but at least we have the merit of having studied the situation and of presenting concrete propositions. This is why I am asking the Minister of Finance (Mr. Chrétien) who is not here in this House and who, I hope, will read my remarks, to have a

special study carried out by serious people on the feasibility of instituting a discount system on the domestic prices of Canadian goods.

The minister is serious, I hope. He is the one who says we are not spending enough. We are going to give consumers the chance to have more income without affecting salaries, without bearing on prices because when you raise salaries, prices go up and you are back to square one. Not so long ago an industry in my area increased salaries. A worker came and showed me his pay slip. He had $20 more on his pay but since he had changed brackets he paid more tax. So the federal government took more, the provincial government took more, the other marginal services took more, and he was finally left with $8. And since we know that prices are going to go up because of higher wages his $8 is going to be wiped out, so that is not the solution.

People are tearing at each other, union leaders point to employers as dangerous people, exploiters, and employees are being made to believe that they are mistreated and exploited, all sorts of things are put in their heads, and they are shown a dollar sign but they are not taught what an economic system is, how it works, what are the repercussions when a decision is made at given levels. They are not informed, and that is why there is social unrest, why there is no peace at home. That is why there is insecurity, why individual freedom is being restrained.

Mr. Speaker, let us give a discount on prices. Let us start with milk. We have a great milk problem at the moment in Canada. There is a legal dispute between the federal government and the provinces about the quotas and the subsidy on that part of the industrial milk coming from milk producers that goes for processing. The provinces take $1.20 for each hundredweight they collect from fluid milk producers and they must hand it over to the Canadian Dairy Commission. Since the Canadian Dairy Commission under a regulation decided to ask milk producers to give it 25 cents per hundredweight of class 1 milk and since those people say the federal government does not have the right to act like that because fluid milk comes under provincial jurisdiction, there is a conflict there. The Canadian Dairy Commission keeps the subsidies, and the Federation of Fluid Milk Producers in my province withholds the payment of the amount collected.

Mr. Speaker here is a typical example showing that if one would really stop and consider, we should utilize new methods and try this year to give a 10 cent discount on each quart of fluid milk; consumption would increase as the minister wishes, people would spend more and we would fill their needs at the family level. There is a discount if somebody buys and if nobody buys there is no discount. It is as simple as that. This is going to be the real control which will allow us to consider the problem in its true perspective. If people buy a quart of milk then they need it, and this is why they are given a 10 cent discount. The problem would be partially settled if one would stop to bickering about surpluses while other people are too poor to give the bare necessities to their families.

Mr. Speaker, it should be possible as well to offer a discount in areas which are most vulnerable such as the shoe industry, clothing, textile, furniture which at the moment are subjected to the heaviest pressures because of more competitive imports.

So, if we gave a discount after a serious study of those products we should help businessmen be more competitive and when their warehouses would get empty following the demand from Canadians for Canadian products, automatically they would call workers back to work, thus creating employment, and we should be able to work seriously toward an answer to the employment problem. This is a practical proposal, Mr. Speaker. Here is a second one which I mentioned very briefly earlier—the establishment of an annual minimum guaranteed income to eliminate social measures that were good in the early days but that became wrong because of abuses: unemployment, social welfare, annual minimum guaranteed income based on the income, on Canadian surpluses and distributed to everyone. That annual minimum guaranteed income, Mr. Speaker, will not prevent anyone with guts to work and get an additional income. If not, if he prefers to live on that minimum it is his business. It will not prevent others from being productive and participating actively in the Canadian community.

Mr. Speaker, I think I have made very clear proposals and if we had time—unfortunately you are ready to stand up. We should also lower the age of eligibility for the old age security and make it optional at 60 for all those interested, allowing them to leave the work force and be replaced by young people.

• (1522)

[*English*]

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I first want to congratulate the hon. member for Louis-Hébert (Mr. Dawson) for moving the address in reply to the Speech from the Throne, and his colleague and mine, the hon. member for Malpeque (Mr. Wood). They both delivered excellent addresses to this House. I join many others in offering my congratulations to them.

Second, I want to indicate, as some members have done in the past, the great pleasure that I and all Canadians had on the visit of Her Majesty and His Royal Highness on the opening of this session of parliament. I was particularly moved because in my capacity as Minister of State for Multiculturalism I had the great honour and distinction of hosting a luncheon, held in the Confederation Room, for Her Majesty. There were in attendance delegates from all across Canada representing our ethnic and cultural groups. They were very impressed and honoured to be invited to attend that luncheon.

Mr. Paproski: Particularly those from your constituency.

Mr. Cafik: Perhaps I should rise to the occasion because of an article which appeared in this morning's *Globe and Mail*. It refers to the fact that I have had quite a number of constituents here this session. That is true. In fact, I have done that since 1968. It so happens the newspapers have only now picked it up—after ten years. I should point out that my constituents who chose to do so, like many Canadians, through an open

invitation attended a multicultural concert. It was not the one at which Her Majesty was present, because I did not think that would have been appropriate; I thought that they should go along with other members of the public. I put that on record because of the suspicious nature of my friend opposite.

Mr. Paproski: Not me.

Mr. Cafik: I should indicate at the outset that I would like to address a few remarks to the two capacities assigned to me by the Prime Minister (Mr. Trudeau) when I was appointed to the cabinet. First, I was asked to act in terms of deputy House leader. I am very pleased and honoured to do that. I look forward with a great deal of anticipation to working with the House leaders at appropriate times to try, in the best way I know how, to make the House of Commons a relevant and responsive instrument of the wishes of the Canadian people. I am sure all House leaders, including our Deputy Prime Minister (Mr. MacEachen) and House leader, share the intention to do whatever we can to make this place a relevant and meaningful instrument which can act expeditiously on business that is in the Canadian interest.

I want to talk more specifically about my role of minister of multiculturalism. Multiculturalism is a policy that has existed with the government of Canada for some time. I would like to talk about its background for just a moment. The origin of the establishment of the directorate stemmed from recommendations of the Royal Commission on Bilingualism and Biculturalism contained in volume IV of its report. That report dealt with contributions by other ethnic groups to the cultural enrichment of Canada, and measures that should be taken to safeguard those contributions. Volume IV examined the whole question of cultural and ethnic pluralism in this country and the status of our various cultures and languages, an area of study given all too little attention in the past by scholars.

On October 8, 1971, the Prime Minister indicated, in a speech in the House of Commons, that he accepted all the recommendations contained in this commission's report. He stated that at that time:

> A policy of multiculturalism within a bilingual framework commends itself to the government as the most suitable means of assuring the cultural freedom of Canadians. Such a policy should help to break down discriminatory attitudes and cultural jealousies. National unity if it is to mean anything in the deeply personal sense, must be founded on confidence in one's own individual identity; out of this can grow respect for that of others and a willingness to share ideas, attitudes and assumptions. A vigorous policy of multiculturalism will help create this initial confidence. It can form the base of a society which is based on fair play for all.
>
> The government will support and encourage the various cultures and ethnic groups that give structure and vitality to our society. They will be encouraged to share their cultural expression and values with other Canadians and so contribute to a richer life for us all.

The concept of multiculturalism in the world is rather unique. To my knowledge, and based on my research, we are the first country in the world to adopt such a policy. In the last year and a half, I understand that the government of Australia, following consultations with our directorate, established a similar policy in that country. I hope the example we have given will be shared by many other countries in the future.

[Mr. Cafik.]

There is no question that multiculturalism is an extremely important concept, particularly now when there is so much talk about national unity and a feeling that the real questions facing Canadians relate to the relationship between Anglophones and Francophones.

Mr. Paproski: And "Ukraphones" and "Poliphones".

Mr. Cafik: I will leave that remark for the record; I would rather not have made it. In any event, there is no question that the public perception is that the whole equation of national unity relates to those two groups within our society.

It is very important to underscore the genuine nature of Canada. The Prime Minister has indicated in the past that we live in a bilingual nation but we do not live in a bicultural nation. It is extremely important for us to realize that distinction. Bilingualism, in the sense that we have two official languages, is, I am sure, supported by all members of this House and, if it is understood in the right context, by all Canadians. One culture is no more favoured by the government or by the people of this country than any other. All of us have brought to Canada our own unique cultural backgrounds and traditions. They need to be respected, and they are respected by this government.

Our experience in nation-building, which has been emphasized more clearly in recent days in contradistinction to the American approach, is commonly called the mosaic, as opposed to the melting pot. Many nations of the world seem to think their national interest would be better served were they to take all their cultural backgrounds and put them into some kind of melting pot from which they could be cast out into some kind of uniform shape, size and description. We subscribe to the mosaic, in the firm and consistent belief that Canada is a better place in which to live and that all of us will be better people, individually and collectively, if our people have the opportunity and the incentive to retain their cultural backgrounds, traditions and histories.

● (1532)

There is no doubt that our policy arises primarily from a realization of what is the full dimension of the human spirit. A great deal is said about human freedom, and it is true we need a whole broad range of freedoms; and we have them in place. But little has been said about that which gives rise to the very nature of man. Man is unique to a large extent, not only because he was created that way but because his traditions, his background, his history, his culture have all contributed to making people uniquely what they are. We believe that as a national policy we should foster this uniqueness and take advantage of it for the benefit of the whole of society.

We realize that Canadians, like all mankind, are the inheritors of the past. That makes us what we are in the present. In my view, this augurs well for the future of this country, provided we are allowed to retain that background and that history. Very special benefits flow to the whole nation and to all our people through the intermix of our culture and of our people. As a result, we build a spirit of understanding, toler-

ance and appreciation of our own individual and communal individuality. Ours is an experience in living in a real and diverse world. How well we meet this task will determine the contribution we can make by way of example to other nations and people as to how best to live together in a bilingual, multicultural and multiracial society. The world is in great need of such an example, and we as Canadians have the challenge and the privilege of setting it.

The directorate of multiculturalism and its role in our modern society seems to be viewed in three ways by the public at large. For those who support the policy, it is often viewed as a token gesture toward a third of our people of non-English, non-French backgrounds. Others who oppose the concept in principle do so on the premise that the melting pot is a more appropriate response to diversity and to national unity. Third, it is viewed with indifference by those who take our diversity for granted and who feel that present government policy is really an unnecessary instrument.

I would like to respond to these three perceptions. First of all, in terms of the view that our department might be a token effort toward multiculturalism, I would say that those who feel or think that way are confusing budgets with impact. There is no doubt at all that when one looks at the Department of Multiculturalism, realizes that we spend about $8 million a year in that area of activity, and relates that to a global budget of about $40 billion a year, one can hardly get the impression that it is other than a token gesture. However, the department is not simply a dispenser of grants to ethnocultural groups in our society; our impact is much greater than that. I shall elaborate on that aspect of the matter in a moment.

To those who have the feeling that we should not be encouraging the maintenance of our ethnocultural heritage I would like to say this: I believe they are confusing two principles, the principle of assimilation and the principle of integration. Some people think the best thing which can happen to immigrants when they come to Canada is for them to be totally assimilated into our society. To my mind, this carries with it the implication that they must shed all their background and become some new kind of human being. We do not say that at all. What we say is that they ought to be fully and totally integrated into society, realizing that their background and heritage and those things which meant so much to them as individual human beings should be freely carried on and retained here in their new land.

I think there are those who feel that the encouragement of people to retain their cultural heritage implies that we are really asking those who come from other lands to carry with them, as well, some of the antagonisms they may have developed historically in years gone by in those lands. That is not implied at all. I think it is quite evident to us that people who have come from Europe and elsewhere, where nations have shifted and changed over the years, might tend to retain antagonisms resulting from historical, cultural, linguistic and national pressures imposed upon them in their former lands. We are not asking that they do this at all. Quite the contrary. We are asking them to retain that which is good, and to shed and set aside those things that may have divided them back in their homelands.

I would ask those who also do not realize the import of the policy to sit back and think for a moment of some of the major cities in this country—Toronto, Montreal, Vancouver and others—where you can find evidence of practically every culture of the world within their boundaries. Surely, anybody who addresses his mind to that equation would realize that those cities are richer, more vibrant than they would ever be if they did not have the input and background of the people who make up these cities.

Some hon. Members: Hear, hear!

Mr. Cafik: To those who view the policy with indifference, I would say this: Operating upon a premise that I think is very easily related is the question of the English-French relationship. It is quite evident that in the past 100 years the French people, in terms of their linguistic rights and their opportunities to participate fully and totally in the whole of Canadian society, may not have been what they ought to have been. I do not think there is any question that we need a period in which to catch up in order to give them fair and equal opportunities in this country.

The same is true of our ethnocultural groups. Many of them have gone through great difficulties in years gone by in securing equal recognition, equal status with the rest of Canadians. There is a little catching up to do there as well. Immigrants are coming into this country: a great deal of work has to be done to integrate them into our society and to make sure they are given fair and equal treatment in all aspects of Canadian life. The indifference to our policy would rapidly fall aside if people realized that what we are trying to do with these groups which have come into the country, whose ancestors came here hundreds of years ago, is to make sure they are provided with a fair and equal opportunity along with the rest of us.

● (1542)

There is another point I want to make in this respect. Bear in mind, Mr. Speaker, the percentage make up of our society. First of all, about 43 per cent of our population has an Anglo-Celtic background. The figures I am giving are not easily defined or even accurate statistics, but they are reasonably close. The French-speaking group constitutes about 25 per cent or a little more. Our native peoples comprise about 2 per cent of our population. Other ethnocultural groups account for the remaining 30 per cent. It is my job as Minister of State for Multiculturalism to see that all groups in our society are given fair and equal opportunity in this land. I think it is important that we carry out that mandate in all the broad ranges of human activity.

The legitimate, important and indeed essential role of the directorate of multiculturalism I think bears some explanation. First of all, in relation to grants, I mentioned earlier that we have a number of grants programs. We distribute about $4.5 million to $5 million a year to ethnocultural groups in Canada.

I should like to make one thing quite clear. I am not of the view that it is necessary for the government of Canada to preserve culture in the sense that we require money to do so. I am inclined to think that cultures that are real, alive and viable would sustain themselves if we spent $1 billion a year trying to uproot them. The fact is that they are cultures because people want them. They are sustained because people want them.

Our granting funds to these groups is not really directed to that objective. Our funds are granted in a different way altogether, to provide equal opportunity; but, in addition, to make sure that all Canadians share in the benefits of those cultures. This enables cultural groups to work and to interface together, to share their backgrounds and traditions with all of the community in which they live. In that way that which is theirs will become that which is ours, and all of us will benefit as a result.

I am not suggesting that the real thrust of our department is in the form of grants, as important as they may be. They will be sustained in areas where they are required. The real impact of the Department of Multiculturalism is more global; it has an impact upon government policy as a whole. It seems to me that when the government gives consideration to policies, of whatever description, in so far as they impinge upon the interests of those people who are within my mandate it is my responsibility, in the halls of cabinet and in the decision-making process, to see that their legitimate views and concerns are taken into account.

Dealing with specific issues is also important. For example, international human rights arising from the Helsinki Accord and now being dealt with at the Belgrade conference are a matter of genuine and serious concern to many people who come from behind iron curtain countries or from the Soviet Union itself. I, as the representative of those people, must ensure that their voice is heard by those who make decisions regarding our posture at the Belgrade conference. The same thing occurs with regard to immigration policy, citizenship and the broad range of government policy. So the impact of the directorate of multiculturalism is broader than grants of money; it is as broad as the government itself.

We also have to deal directly with domestic perceptions which lead to mutual recognition and respect among all Canadians. There is no question that difficulties arise from time to time as a result of intolerance, lack of understanding and lack of appreciation of the backgrounds and traditions of others. It is extremely important that our directorate deals positively with those difficulties to ensure that we have an orderly integration of all people in society, leaving them the option, indeed the right, to be themselves in every way they can.

In addition, it is the responsibility of the directorate to try to give Canadians a more accurate reflection of ourselves and our backgrounds. First of all, in looking at our educational institutions—which are out of our jurisdiction—the media, the composition of our libraries and museums, politics, the arts and the whole broad range of human activities, it is very important that we begin to portray ourselves for what we are, a multicultural, multiracial society with each group having made a valuable and important historical contribution.

It is not enough to look upon the history of Canada as beginning and ending with the Plains of Abraham. It is important that we know the contribution of the Ukrainians in western Canada, the Germans in western Canada, the Japanese on the west coast, the Polish, the Irish—everyone. It is in that context that we will begin to understand what Canada is really all about. I think our institutions of all types have an obligation to address themselves to this question and not spend so much of their time dealing only with English-French relations in Canada, which I think gives a distorted picture of our reality.

The key to a successful policy is to ensure that all of us, individually and collectively, are better off if we recognize and take advantage of our own background and diversity, allowing it to flower so that the public interest may be best achieved. Each of us as Canadians, regardless of our origin, will become richer and more vital because of the interface between our culture and the culture of other groups. Through it we will draw the maximum benefit and create a wholesome and vibrant society. It is not our intention to build a nation of isolated solitudes. The key element in our program is to bring together individual cultures working in combination with others and impacting upon the whole community.

Those of ethnocultural backgrounds have a great interest in the national unity question. Perhaps they realize as much as, or more than, anyone what is at stake in this issue. Our ethnocultural groups can readily identify and understand the aspirations of the people of Quebec to preserve their language and their culture. We accept the concept of bilingualism and we support the legitimate concerns of French-speaking Canadians in regard to the preservation of their culture and language. Their aspirations are not unlike our own, and for that reason we find it so easy to relate to that concept.

We can also understand the concern of many in the province of Quebec that their cultural background could possibly be totally absorbed by the English society either within their province or outside. We understand the need and the desire to take steps to retain that which they have, that which they are so proud of, and with good reason. So we support this policy. We support the policy of bilingualism and the right of the people of Quebec and of other provinces to retain that which is theirs in the context of free choice and under the banner of two official languages. We believe it is important that all Canadians have the right to communicate with their government in either of the official languages, wherever they reside in this country.

● (1552)

I do not wish to deal with bill 101 at any length, except to say that it is my view the questions at stake are not really legal ones. I believe this is the view of many Canadians. The question of national unity will not be resolved in the Supreme Court of Canada; it will be resolved in the hearts and minds of

Canadians. Any society which is united, is united because it wants to be united and because its people realize that they are better off culturally, economically, linguistically and in every other way if they are united.

Some hon. Members: Hear, hear!

Mr. Cafik: Our people realize we are better off being Canadians with a whole Canada, as opposed to separating this country into individual parts. It would not be in the interests of any Canadian to allow that to happen. We must all show that we recognize our interdependence. But even more, we must show that we recognize our mutual good will toward each other. Our national unity problem shall disappear when Francophones, Anglophones, our native peoples and our ethnocultural groups of any origin fully realize that we are all better off economically, socially, culturally and linguistically if we are living in one land in a spirit of understanding, tolerance and good will. When this realization takes root in Canadians in every corner of our land from the Pacific to the Atlantic and from the American border to the North Pole, we shall indeed be a free, happy and united nation showing leadership in a divided and often antagonistic world.

It is only by the realization of that which makes us what we are, uniquely Canadian, that those aspirations can be achieved. I assure all members of this House that the ethnocultural communities of this country are as married to that concept as any other group—perhaps more than some. We will play our part in holding this country together and building it to be the land we want to decree to our children.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the hon. member for Hamilton West (Mr. Alexander) rising for the purpose of asking a question?

Mr. Alexander: Yes, Mr. Speaker.

Mr. Deputy Speaker: Will the hon. minister permit a question?

Mr. Cafik: Mr. Speaker, I was expecting to answer a question to be posed by the hon. member who is now absent. Therefore, the hon. member for Hamilton West (Mr. Alexander) can take his place.

Mr. Paproski: He is not absent. He has decided to let the hon. member for Hamilton West (Mr. Alexander) ask the question.

Mr. Cafik: That is fine. He may be present. I just do not see him.

Mr. Paproski: He has left the chamber.

Mr. Cafik: Perhaps he is on the monitor.

Mr. Paproski: He is not on the monitor; he is watching you on the monitor.

Mr. Cafik: Is he?

Mr. Hnatyshyn: He is interested in comic relief.

Mr. Alexander: Mr. Speaker, I listened with a great deal of interest to the minister's comments in regard to multiculturalism. I am interested in the "off again, on again" policy of this government with respect thereto. The minister will recall that during the debate on the immigration bill there was concern registered about the fact that that bill excluded the word "multicultural". That concern was registered on the opposite side of this House.

Because the minister is now enlightened and understands how much the realities of life mean in terms of multiculturalism, can we expect the minister to bring in an amendment, after consultation with his colleague, the Minister of Employment and Immigration (Mr. Cullen), to see that that much needed word is inserted into the bill we passed recently? Is this what the minister is talking about?

Some hon. Members: Hear, hear!

Mr. Alexander: Unless the minister informs the House that that amendment will be introduced, then I say that the government is hypocritical.

Mr. Paproski: That is why the other minister left.

Mr. Cafik: Mr. Speaker, I should like to congratulate the hon. member. He has very cleverly put me on the spot, but I have no objection to that.

Mr. Alexander: Just be honest with the Canadian people.

Mr. Cafik: Just a moment, please. I will be honest with the Canadian people, as well as yourself. The local impact of the Department of Multiculturalism is extremely important. The type of gesture you are talking about in that particular bill was clearly important to the ethnocultural people of this country.

Mr. Alexander: Right on.

Mr. Cafik: If it is important to them, it is important to me. As to what I am going to do about it, the hon. member will have to sit back and watch.

Mr. Hnatyshyn: We have been watching.

Mr. Cafik: That is all I can say.

Mr. Alexander: Just answer my question.

Mr. Cafik: I intend to.

Mr. Alexander: Are we going to have an amendment, or are you just talking through your hat?

Mr. Cafik: If the hon. member would like to pose a supplementary question, I would be delighted to answer it as well. I am telling the hon. member that he will have to be prepared to sit back and watch.

Mr. Alexander: Yes, I know.

Mr. Cafik: The hon. member can be assured that the ethno cultural people of this country have a minister. They are aware of that, and they are going to be served by him.

Some hon. Members: Hear, hear!

Mr. Alexander: You can just wipe that speech off the record.

Mr. Dinsdale: What does Stan Haidasz have to say?

Mrs. Appolloni: Mr. Speaker, I rise on a point of order. Just for the sake of clarity, and in order to keep the record straight, I was on that committee and I should like to point out that the entire bill was based on the premise that Canada will continue to reflect the diversity of its people, in which case the introduction of the word "multicultural" was redundant.

Some hon. Members: Hear, hear!

Mr. Alexander: That is all boloney, and you know it.

Mr. Hnatyshyn: Shame.

Mr. Paproski: Wait until the people of Toronto hear that.

Mr. Alexander: And you are from Toronto.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I should like to add my congratulations to the mover and the seconder of the address in reply to the Speech from the Throne. For certain obvious reasons, this was a very special throne speech, since it was only the second time in our nation's history that the speech was read by a reigning monarch. It was special, as well, because the occasion surrounding this particular event was the Silver Jubilee of our Queen, and her visit to Canada encompassed our tribute to Her Majesty's 25-year reign.

Therefore, it is regrettable that the content of the Speech from the Throne did not match the uniqueness of the occasion surrounding it. If it were not so tragic, it would be almost humorous that such regal pomp and ceremony should surround such a limited, pedestrian document. The speech was not what the times demanded.

I think back to that other occasion some 20 years ago when Her Majesty participated in a similar ceremony, and I speak to the Canada of that era. Those of us who remember that occasion can remember, also, the optimism, the buoyancy and the stability which marked those years. Then our world, globally and domestically, was relatively stable. At that time we believed—and our belief was confirmed by reality—that if we worked hard, we would achieve. We told our children that those who stayed in school, studied hard and graduated would have a job waiting for them when they finished their education. Those were the rules of the game, and no one doubted them.

The realities of today dramatically call into question those hopes and beliefs. The buoyancy and the optimism of the fifties have dissipated into instability, fear and uncertainty in the seventies. It is the uncertainty, the lack of confidence permeating this country, that is the most destructive of the moods of the seventies. Instability can be coped with if there is some certainty that it will be eased, whether sooner or later. A nation's fears can be calmed if there is certainty that there are clear choices to be made and competent people to make them. But there is no solace in uncertainty. Uncertainty can bring on needless fear and increased instability. Uncertainty can smother hope.

Whatever else are its accomplishments, this government is a past master at creating uncertainty. In no other field has it been so productive, and with what disastrous effects for the nation! The current uncertainty, in the face of economic controls and controversial constitutional questions, is only the tip of the iceberg which has been in the process of formation for these past ten years. The proposals put forth last week in the Speech from the Throne do nothing to counteract that mood of uncertainty or to restore the confidence of Canadians. Quite the contrary, it does everything to add to our collective uncertainty since, by spelling out the many problems that face us, it confirms our worst fears; and then, by offering what are patently facile and superficial remedies, it invites our despair. It is true that the government recognizes the current economic crisis: it is right there in the speech from the throne. It reads:

● (1602)

> High rates of unemployment and inflation are clear signals of the inadequacy of economic strategies . . . signals of the urgent need for important structural adjustments in the economy . . .

Sir, since the throne speech, we have heard the Prime Minister (Mr. Trudeau) and we have heard the Minister of Finance (Mr. Chrétien) discuss the economy at great length. But what we have yet to hear in concrete terms are the so-called important structural adjustments that the government intends to make to the economy. The government's announcement of a proposed expenditure of $150 million in job creation is one of the few concrete proposals put forth. But what does that really represent? A mere 60,000 jobs for the one million Canadians who are without work. Such a proposal can hardly be considered an important structural adjustment. Major structural adjustments are necessary if the government is to confront, not just the hard economic realities that we in the opposition keep bringing to their attention every day but the social cost of these realities.

I would like the Prime Minister and his colleagues to look back for a moment on their own lives and remember the dreams and ambitions of their youth, to realize how much the existence of possibilities contributed to their hopes, their choices and to the options that were open to them. For the unemployed youth of today, possibilities, choices or options are practically non-existent. Not only do they not have jobs, costly as that is to the economy, but, furthermore, 400,000 young Canadians are unable to make the crucial decisions that are necessary to shape their futures. They cannot plan their lives, nor can they dream, wildly or otherwise, about their future.

What does it do to their personal development, to their self-worth, to be so unable to control their lives? What will the possible cost to our society of the collective cynicism of a

generation which has played the game by the rules only to find that the rules have changed at the end? I would ask the Prime Minister to consider that we are facing the possibility of producing a generation of adults who have been totally alienated from the mainstream of Canadian life. Such alienation can only bring anger and frustration in its wake, but more than anger and frustration, social upheaval of a kind that we have not witnessed in Canada previously. We in this country are not immune to the social unrest that is emerging elsewhere in the world, an unrest that our current unemployment situation does nothing to stave off and everything to invite.

Mr. Speaker, there are no major structural changes recommended in the Speech from the Throne to indicate that the government either recognizes or plans to take steps to alleviate these serious social pressures. It is very easy to conclude, in the wake of what we have heard, that the best structural change that could be made, the one most beneficial to this country, would be to get rid of the present government.

Some hon. Members: Hear, hear!

Miss MacDonald: If the economic measures in the Speech from the Throne offer little to quell the climate of uncertainty that exists in this country, the constitutional proposals offer even less. Indeed, in his collective musings on our constitutional problems, the Prime Minister escalates the uncertainty that abounds with his apparently off-the-cuff suggestion without benefit of cabinet decision.

It would appear that the government may hold a referendum on national unity, and I stress the word "may" because, true to form, the Prime Minister declines to give any details of his proposed referendum. He equivocates. The referendum may or may not be held; it may or may not be held nationally; it may or may not be held only in Quebec. If held in Quebec, it may or may not be binding on that province or on the rest of the country. The Prime Minister mounts a horse called "referendum" and then he rides off in all directions. A referendum if necessary, but not necessarily a referendum. The Prime Minister, by his lack of precision in this matter, seems determined to add another dimension to the uncertainty of our present constitutional crisis.

Our fragile federal system is already sorely beset by fears and anxieties. Those of us who are profoundly concerned about the future of our country—that includes members of all sides of the House—are concerned lest the Prime Minister's conflicting comments of the past few days will add to those fears and uncertainties. Surely, it is the height of irresponsibility for a prime minister to introduce such a far-reaching proposal without any indication of how he intends to implement it. Surely, it is totally irresponsible and an abuse of the office of prime minister to propose in the House a serious measure that could involve very basic changes in our parliamentary system, and then shroud the proposal in circumlocution and speculation. One has to ask oneself if this referendum-cum-plebiscite, or plebiscite-cum-referendum, is no more than a diversionary tactic designed to take the attention of the people of this country away from the government's inept handling of economic problems.

Some hon. Members: Hear, hear!

Miss MacDonald: Not only does the Prime Minister's penchant for musing aloud on such a serious matter serve to distort the function of the House; in addition, his subsequent allusion to unilateral action on the constitution which could result from such a referendum seriously undermines and ignores the role of the premiers of the provinces in constitutional reform. At this time of crisis, both economic and constitutional, it is of the utmost importance that the partners in confederation work together and not at cross-purposes. Does the Prime Minister (Mr. Trudeau) seriously believe the announcement one day of his intention to visit each premier to discuss constitutional matters, and his allusion the following day to the possibility of unilateral action on the constitution, is the kind of initiative that is conducive to co-operation?

● (1612)

The Prime Minister should recognize that the process of conducting federal-provincial relations requires as much sensitivity and as much consideration as do the substantive measures involved. A viable confederation capable of adapting to the natural forces of social and economic change rests on a process of continuous federal-provincial consultation and accommodation. To be effective, this process of accommodation requires mutual respect and trust between the federal government and the provincial governments. When that trust and respect does not exist, tensions arise which emphasize our differences rather than our common interests.

The conduct of the federal Liberal government in dealings with the provinces over the last ten years has imposed a serious additional strain on national unity. One has only to look at the federal government's record of federal-provincial relations to see this strain. The reluctance of the provinces to enter into negotiations in resource development and the failure of the federal government to produce agreement in the area of social security revenue, after four years of negotiation, are but two examples of the deterioration in intergovernmental affairs that have had direct and, indeed, negative results on the level of services and the prosperity that Canadians should enjoy in this country. These results, in turn, have a direct bearing on weakening the national fabric of our country.

In short, the process of federal-provincial relations over the last ten years—that process itself—has adversely affected the ability of governments to act as a unit. The approach of the present federal government has been to treat the provinces and provincial aspirations as a problem that can only be solved by the central government.

In contrast to this approach, the leader of my party and the then four Progressive Conservative premiers met recently at Kingston and produced, with unanimity, a program for economic recovery and federal-provincial reconciliation. The reason that agreement was produced among leaders with extremely diverse constituencies stems from a fundamentally

different approach from that of the government to federal-provincial relations and federalism. The first reason that agreement was reached was that agreement, rather than confrontation, was sought. The second and more important reason was, and is, because the Progressive Conservative party recognizes that provincial governments must be assured that their interests will be recognized and integrated into the development of national policy.

In speaking of the Kingston conference, the Prime Minister attempted in his speech last week to make light of the achievements of the Leader of the Opposition (Mr. Clark) and the Conservative Premiers regarding entrenchment of equalization payments in the constitution—a proposal, I may say, far more specific and fundamental than that proposed by the Prime Minister at Victoria, or any since. In fact, the latest effort along these lines that the Prime Minister can point to on the part of his government occurred last year during an early stage in the federal-provincial fiscal negotiations, when a major change in the revenue equalization formula was proposed which, if it had been carried out, would have significantly weakened the basic purpose of equalization and created new regional inequities.

Contrast this with the initiative taken at Kingston for the full and formal protection of revenue equalization in the constitution. This initiative was taken by, among others, the Premiers of the two wealthiest provinces as being right and just in the building and maintaining of a sense of national community.

That was one initiative taken at Kingston. There were others: a commitment to annual consultation among first ministers on economic and fiscal policies and goals, so that fiscal decisions taken by one level of government do not distort and frustrate the policies and objectives of the other; a commitment to patriation of the constitution and to the involvement of provincial governments in appointments to the Supreme Court of Canada, a proportion of those to the Senate and such agencies as the Canadian Transport Commission and the National Energy Board, so as to assure the federal nature of these institutions. There was much more.

The Prime Minister not only belittled these initiatives but, as well, sought to distort the position of those at that conference regarding minority language rights in the constitution, a position based on the agreement arrived at by nine of the provincial Premiers at St. Andrew's earlier this year, and endorsed in Kingston.

Mr. Basford: All proposed at Victoria.

Miss MacDonald: That kind of tactic, of course, should not surprise us. For ten years the Prime Minister has been unrelenting in his deliberate efforts to distort the position of this party regarding the official languages policy, to create suspicion and breed distrust and, to his shame, he does it in the name of national unity. What probably goads the Prime Minister into this reaction is the fact that after his own many attempts ended in failure, the Leader of the Opposition was able to sit down with four provincial Premiers and arrive at specific, concrete proposals in relation to the problems facing Canadians. The Prime Minister offers us vague generalizations based on his own proposals. The Leader of the Opposition offers concrete commitments based on discussion and agreement with his provincial counterparts: that is the difference.

In a similar vein, I would point out, Mr. Speaker, that the Prime Minister's petty reaction towards the Kingston conference is further reflected in his negative attitude toward calling a federal-provincial first ministers' conference both on the problems of national unity and on the problems of the economy.

Some years ago, at the Victoria conference, the Prime Minister proposed that the first ministers of this country meet annually to discuss matters of federal-provincial concern. Since then, the Prime Minister and the Premiers have met every year, and in some years have met two or even three times on matters of urgency. The proposal of 1971 had become a reality—until this year. This year, the year in which the problems that we face have reached crisis proportions, is the only year since 1971 that a federal-provincial conference of first ministers has not been held. The Premier of Ontario has called for one, the Premier of New Brunswick has called for one; and all the Prime Minister will tell us is that he intends to visit the Premiers individually in the near future and that he may or may not call a federal-provincial conference at some future time. The institution of the first ministers' meetings is an integral part of our system, particularly in dealing with constitutional matters. It deserves to be honoured by the Prime Minister. But, instead, he chooses the route of bilateral negotiations.

Mr. Basford: Instead, he chooses to go and see each of them personally, directly and face-to-face.

Miss MacDonald: We see the pattern emerging, Mr. Speaker: the Prime Minister believes that he, and he alone, has the right to deal with the issue of national unity. Yet in the 11 months since the election of the Parti Québécois government, his initiatives have been negligible, his actions few.

• (1622)

The Premiers meet, and nine of them reach accord. The Leader of the Opposition and his provincial counterparts meet and work out specific proposals. Meanwhile, the Prime Minister (Mr. Trudeau) meditates. He carps about and ridicules the actions of others. But for a year he has existed in a state of semi-paralysis. He neglects the cabinet in his plan for a referendum. He belittles the efforts of opposition leaders. He ignores the calls of the provincial Premiers for a federal-provincial conference; and of most importance to this chamber, he spurns the establishment of an all-party parliamentary committee on national unity. None of the established institutions in this country for dealing with constitutional crisis merit his consideration.

I remind the Prime Minister that certain issues, because of their gravity and universality, transcend the normal bounds of

partisan politics. The question of national unity and constitutional reform is such an issue.

Mr. Basford: I have never heard a more partisan speech.

Miss MacDonald: Were the Prime Minister to show half the respect he should to established procedures and institutions, he would begin by immediately setting up a parliamentary committee to deal with national unity. This party has been demanding such a committee for a long time; but, true to form, the Prime Minister has not heeded such a proposal.

If the Prime Minister cannot accept this recommendation from the opposition, perhaps he might listen to the views of a former Liberal cabinet minister—and there are lots of those. Perhaps he would listen to the views of a man who was asked by the Prime Minister himself to serve on his personal task force on national unity, but who declined. I refer to Claude Castonguay. There was a great deal of speculation at the time as to why Mr. Castonguay rejected the Prime Minister's invitation to join his task force. Well, now we know the reason. Mr. Castonguay felt—indeed, he knew—that there was a more appropriate vehicle. In speaking to the University of Toronto's recent Options Conference, he said that the parliament of Canada and each provincial legislature should form a committee composed of members from every political party.

Mr. Castonguay suggested that these broadly based committees could hear briefs from interested groups and members of the public and conduct their own studies. Then they could formulate proposals for reform. Mr. Castonguay also suggested that implementation of this approach would also depolarize the Trudeau-Lévesque debate and put an end to its sterility. It would provide a forum for the majority of Quebeckers who want change but who do not seek independence. That is the advice from a former leading Liberal.

We, the Progressive Conservative members of the opposition, have been calling for such a committee at the federal level, to no avail. We called for it in the House this past summer and were told at that time by the Prime Minister that we were too far into the session to establish such a committee. Would the Prime Minister care to tell us now that we are too far into this session to establish a committee? Will he offer us another excuse, or will he admit that the representation of all parties in the crucial debate on national unity is both necessary and desirable; and will he give assurances that he will act to set up such a committee?

How long does this troubled country have to wait for its Prime Minister to avail himself of the avenues open to him on this issue? How long is the cancer of uncertainty to be nurtured by his neglect? When will this country again be able to look with confidence to its government and with hope to its future? The Speech from the Throne, and the Prime Minister's discourse which followed it, have shown clearly that there is no hope that this will happen in this session.

Mrs. Ursula Appolloni (York South): Mr. Speaker, if someone were to ask me if Canada has any enemies, I would have to say it has. I would say that I even know the names of those enemies. They are discord, defeatism, despondency and despair—and anyone who arms those enemies does no service to Canada.

Some hon. Members: Hear, hear!

Mrs. Appolloni: I would like to quote three short paragraphs from the Speech from the Throne:

> It can be an era of increasing confrontation, tension and division, or an era of enhanced freedom, cooperation and unity of purpose. Fundamentally, the choice must be made by every citizen every day.
>
> It is apparent to thoughtful Canadians everywhere that this is a time of great decisions for Canada, a time for rediscovering the strength and potential of a marvellously free and caring society.
>
> That rediscovery will require that Canadians rededicate themselves to each other's well-being—

Those are beautiful words in any language, and they sounded much more meaningful because they came from the lips of Her Majesty the Queen, who has shown to us her own personal warmth and sincerity. But words, no matter how beautiful, can be cruel shams unless they are transmitted into action.

I read an article in the *Globe and Mail* recently. It was a survey of several members of parliament, including myself. It said that there seems to be a feeling among some constituents that the problem we are having with Quebec does not affect every Canadian, that it is something just between our Prime Minister (Mr. Trudeau) and the leader of the Parti Québécois, or that it is something just between Ottawa and Quebec, as if it were another tragic "tale of two cities". Those constituents felt it did not concern them; that is the way the newspaper reported it. But I am beginning to wonder if the attitude of those constituents did not reflect some feeling of personal helplessness rather than indifference. What can the individual Canadian do? I would like to offer only a few suggestions, because time does not allow me to offer very many. But I hope they are constructive ones.

If the problem in Quebec or with our French-speaking brothers were only a question between two leaders, a kind of one-upmanship, or a question of who is better than the other, I would probably be like everybody else and say that we should sit back and let them fight, knowing very well that one of them would get a bloodied nose. However, it is more than that. If it was a question of two provinces, I would probably say, "Why worry? Let Bill Davis and Rene Levesque fight it out. Why should I get involved?"

However, the whole point is that we are not talking about some little fight or about one-upmanship: What is at stake in this whole tragedy is our destiny and, more importantly, the destiny of our children. Are they going to grow up as citizens of one great, united country, or are they going to grow up in a fragmented society? That is what is at stake. We must assure ourselves, as individuals, that what is at stake is too important to be left to two men, two cities or even to two provinces and each and every one of us has to get involved. How? I thought about that. Again, something happened quite recently. It was the granting of the Nobel Peace prize. While it was for 1976, it was only given a couple of days ago. I read the citation, which is as follows:

● (1632)

Mairad Corrigan and Betty Williams acted out of a deep conviction that individual people can do meaningful efforts for peace through conciliatory work.

I put the emphasis on "individual people". When I read that, I decided to find out as much as I could about these two women. Who were they? Did they have some tremendous academic distinction? Are they supported by big government, big management or big labour? Who is behind them? When I did my research, I found out that nobody was supporting them. When asked how they got started, one is reported to have said, "Someone had to get up and do something."

I am not intending to draw analogies between the situation in Northern Ireland and the situation we have here with our French-speaking brothers. I am the first to pray that our differences in this country will never escalate to the type of holocaust that has occurred in Northern Ireland. That is not the similarity. The similarity is what that woman who received the Nobel prize for peace demonstrated. Somebody has to stand up and do something. What a marvellous spirit! That is the kind of spirit that appeals to me. It is the kind of spirit I understand. It is the kind of spirit that is mentioned in the Speech from the Throne and what I want it to be—the Canadian spirit.

What can each and every one of us individually do for our country, not only with regard to political problems but economic problems? Let us start with the political problems. What can we do? If I may, I will address myself primarily to the women of Canada. They are 50 per cent of the population; therefore, we have a very vested interest in this question. What would I, as a woman of Canada, do in this particular situation? I would start by speaking to my French-speaking sisters. I would tell them we have a tremendous amount in common. Like me, most of them are mothers. They have the same aspirations for their children as I have for mine. Their children try just as hard as mine. There is no difference there.

I would then have to be very honest and say to them that mistakes were made in the past. I would tell them that I am really sorry that some time ago, even in the near distant past, their kids had to learn my language before they could communicate with government, theirs and mine. I would say that I am sorry there were other inequities as well. I would then say that things have improved. They really have. I will tell you why I say that. My favourite five-year old sibling is now going through French kindergarten in Toronto. I emphasize, in Toronto, Mr. Speaker. His parents could not do that because they did not have that opportunity. His little brother will go. The time will come when he will go to his French-speaking cousins and feel at home. That is the way it should be.

I would have to say to my sisters in Quebec that they know as well as I do that two wrongs do not make a right. I would have to say that what their leaders are now suggesting is a repetition of past errors. They are saying that if my children go to Quebec, they cannot continue in their language. That is exactly what happened in the past with their kids. They do not want that to happen. My French sisters would probably tell me that it is not just language; there is an awful lot more involved.

[Mrs. Appolloni.]

I would be the first to agree with that. We do not know about their culture, but what are we going to do? Here, again, I would tell them that things are improving.

A few years ago I telephoned a large radio station in Toronto. I spoke to the disc jockey. I told him I liked the music he played, but it saddened me a bit because I never heard music from Quebec. He said they could not play it because no one understood the words. What a lot of boloney! Things have improved. When in Toronto last week, I put on the car radio. The first thing I heard was pop music from Quebec. It was great. We cannot accept the phony argument that no one understands the words. Italian and German opera has been heard and loved throughout the world. People do not know the words, but they do not care; they get the feeling of the music, and they love it. A disc jockey might say, with regard to pop music, that it is the lyrics that count. That, too, is a phony, specious argument. You cannot understand most of the words in today's pop music. It is not the king's English, but gibberish. Who cares; the kids like it.

What can we do? We can telephone our radio stations, not just in Ontario and Manitoba but throughout English-speaking Canada, and tell them we believe we are getting a raw deal, that we have heard that the best pop music comes out of Quebec and we want to hear it. We would not do this in order to patronize. Nobody wants to be patronized. It must be because we have heard that it is the best in this part of the world. Somebody has to get up and do something. My French-speaking sisters would say that it is not just language or even just culture, but a lot of other things. My kids are learning French. I am going to make sure they get the benefit of hearing that music, not just to be good to those in Quebec, because that would be silly, but because that music is great. By listening to their records, not only do we get a bit of Quebec—which is a great feeling—but it helps their recording industry. That is the kind of co-operation I would like to stress.

Let us go on to what individuals can do to help, not only the political problems we face at this time but the economic problems. Maybe it is very difficult to divorce one from the other. Here, again, there is much the individual can do. We must realize that the realities of the situation have changed. Now, more than ever, our economy is in a period of transition. Things will never be the same again. We can no longer feel ourselves fortunate because we have so many natural resources at our disposal. We still have them; however, we must realize they are not infinite, but finite. We have to husband them with very great care. No longer can we use oil and electricity as though it will be here forever.

We must individually examine what we do in our own houses. Do we really need all those lights turned on? I am looking around the chamber. I assume that we need all these lights. Apart from the tremendous consumption of energy, they are awfully hard on the eyes. There are many things we can do in our own houses. We have to be very sensible about our energy supplies. We know without doubt that they are finite. Everyone must do his share. I have not been used to this tremendous affluence of energy supplies. It is difficult to

suddenly change all one's habits. What we need is not just somebody saying, "Okay; you have to conserve energy; you have to do this and that". This is not enough. You have to motivate people.

• (1642)

I should like to use a word which is not often used any more, and I regret it. I should like to say—and this refers to motivation, "Save energy because it is patriotic to do so". There is nothing wrong with being patriotic. I wish we would show a little more of it. Not patriotism of the old type. We are not going back to Rudyard Kipling and fifes and drums. We are not going to ask people to die for their country; we are going to ask them to live for their country. That is the motivation. Let us conserve what we have very carefully. Then, once we have looked at our own houses, let us go out in our community and find out what our municipalities are doing. For instance, how are they treating the disposal systems? Are they doing enough? Then we could turn to the province and finally to the federal government.

We are all vitally interested in this idea of energy conservation. Can we afford to have so much waste? Could we not think more about the advantages of recycling? Jobs are being lost daily. That is a terrible tragedy. But the day will come—hopefully, very soon—when we shall hear that though the old jobs are being lost, new jobs are being created, but not by the government, Mr. Speaker; not by the government.

Some hon. Members: Hear, hear!

Mrs. Appolloni: You hear people say, "I should like to do this", or, "I should like to do that". I ask them why they do not go out and do it, and they reply, "Too much intervention from all levels of government". I say to them, "If you really believe that any level of government is putting a stranglehold on your ability to do things as an individual, I would tell that government to butt out. But once you tell it to butt out by one door, don't ask it to come back through another".

We are still talking about the individual. What can an individual do to help the economy?

An hon. Member: Why not the government?

Mrs. Appolloni: I will tell the hon. member why. It is because I firmly believe it is the sum of individual effort which leads in the long run to the success of the collectivity. It is the individual who matters. That is what our society is all about. It is not what society can do for the individual, but vice versa. Here, again, I speak from the point of view of members of my own sex because they hold the purse strings. Go into any supermarket in this town or in my own city of Toronto and you will find, for example, that the lamb on sale comes from New Zealand or Australia. I am not talking about the balance of trade; we all know there must be a certain balance of trade between ourselves and our trading partners. What is it like, this lamb from New Zealand or Australia? It is fatty and indigestible. You wonder why you buy it. When you ask about Canadian lamb, you are told there is not enough Canadian production. Why not, Mr. Speaker? Then you go into a Greek restaurant in Toronto and you find the lamb is exquisite. What is the difference? Do you know what it is? That lamb is prime lamb from the fields of Ontario.

What about McDonald's? One should thank them for coming into our country, bringing in their capital and providing a certain number of jobs. But ask them where the beef which goes into their patties comes from. Is it grown in Alberta? If they say it is Australian, ask them why they are not using Canadian beef.

An hon. Member: Don't forget Canadian wine.

Mrs. Appolloni: When was the last time you tasted Canadian wine with your hamburger or lamb, or whatever you eat? By jove—just like the pop music from Quebec, I can guarantee it is darned good.

What else can we do? Look at the souvenirs sold at Niagara Falls. Maybe you want to buy something to remind you of your trip. Do you know what it is likely to be? A very nasty, gaudy bauble, and if you look closely at it you will find it was made in Hong Kong or some other place abroad.

An hon. Member: It is the same everywhere.

Mrs. Appolloni: No; there are other places. I will give out a free advertisement. Go into the Davis Agency here, or the Four Corners store, most places around Ottawa, and you will find tasteful Canadian-made things at reasonable prices. These are just a few ideas about what individual consumers can do. I suggest that every week when families are checking the shopping list, they should make another column in which to list the country of origin of the items they buy. This is important. We have to help our economy. I know we shall face criticism. Someone will accuse us of narrow self-interest. Like heck! Any neighbour who is a good neighbour will realize that the family comes first. This is the Canadian family, and it has to come first. I am not saying anybody should buy shoddy goods. Such goods deserve to be passed over. But in my experience Canadian goods are not shoddy. Maybe we have not given them the support they deserve. Let us buy all the Canadian-made goods we can.

There is still more to be done. Take the fish we put into our children's sandwiches when they go to school. Where was it canned? If it was canned in British Columbia, and other things are equal, let us by all means buy the product which was canned in British Columbia. If we find that many of the things we want to buy are not made in this country, we shall have to ask ourselves some very serious questions. I am not talking now about goods which cannot be produced here for climatic or similar reasons.

I have been trying all day to find out whether a rumour I have heard is true. The rumour is that only two pulp and paper mills in this country make cartons for milk. I can hardly believe it, since almost every day we see in the newspapers big advertisements inserted by the pulp and paper industry of Canada telling us that they are in trouble. So I have been

trying to find out what percentage of the milk cartons used in Canada are actually made in this country. I was not able to get a precise answer. What I did get was the information that only 5 per cent of all corrugated paper used in Canada is manufactured in Canada. In other words, with all the forests at our disposal, we only corner 5 per cent of that market. Why do we not have more? Processing paper means more jobs. It is not that we are not capable of processing paper; we can do that and many more things. Is it because our people have a little less courage than others? Let us ask ourselves all these questions, Mr. Speaker.

● (1652)

Still on the economy, I would tell the average Mr. or Mrs. Canadian to be very careful how their representatives negotiate for them in the upcoming GATT agreements. I would tell them that we all know that an industry which is not competitive or efficient does not deserve to be supported. On the other hand, we must be extremely careful to make a distinction, if I may use a very familiar simile, between the child, the infant just learning to crawl, and the lazy teenager. If our infant, our industry, is just learning to crawl, you cannot automatically enter it in a four-mile marathon. We cannot afford to do that. We cannot afford to be the Boy Scouts of the world, even though Canada is great and open. I wonder if the others are as open as we are. What about the absence of tariff barriers on goods from other countries? In the meantime, our people are without jobs. So I say, watch the GATT agreements.

Now the future. At the moment we have a tremendous number of Cassandras—economic Cassandras and media Cassandras. It seems to be the great thing these days to say, "Oh, boy, you're going down the drain!" This is not doing us any service at all. What we need now are torchbearers of hope and confidence, and by jove we can have them. As for the future, it is going to be different, vastly different, from the past. It is not going to be an extension of the past, mainly because of our natural resources but also for other reasons. I think we will have to diversify. We will have to use all the imagination, enthusiasm and initiative of which we are capable. We can make the future a better, more humane place, we can have a better environment, if we have proper planning and design and the collective will.

We very definitely have problems, but we cannot allow them to come so near to us that they obstruct or even obliterate our vision. That would be foolhardy and tragic. I should like to refer to a recent report by the Science Council of Canada entitled "Canada as a Conserver Society". It tells us that the future can very well be much, much better than the present, but to what degree will depend upon whether we face the change with inertia, or grapple the challenges with all the enthusiasm, imagination and initiative of which we are capable.

Our long-term policy will be to achieve reliance on sources of renewable energy, aided by improvements in conservation and efficiency. New technologies such as solar heating, electricity from wind and liquid fuels from biomass will probably be developed economically and on a scale sufficient to meet new demands. The challenge is there, and we have the technology at our disposal. My time is up, Mr. Speaker, but my views are not.

[Mrs. Appolloni.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. With the kind permission of hon. members, I should like to inform them of the proceedings on the adjournment motion. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Grenville-Carleton (Mr. Baker)—Public Service—Request that minister intervene in case of Mr. Sant Singh; the hon. member for St. John's West (Mr. Crosbie)—Industry—Closing of fluorspar mine at St. Lawrence, Newfoundland—Government action; the hon. member for Nickel Belt (Mr. Rodriguez)—Industry—Request for measures to improve economic conditions.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mr. Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I should first like to congratulate the mover and the seconder of the Address in Reply to the Speech from the Throne. As individuals they made a valuable contribution, and I do not blame them for the misdeeds of the government opposite which I am going to speak about in a few minutes.

I want to speak this afternoon, Mr. Speaker, as a torchbearer of hope—the hope this government is going out of office in 1978 and that this country will get on its feet again. I do not believe that what we heard at the opening of this session was a Speech from the Throne. It was a whisper from the throne. It was a whimper from the throne. It was a plea for sympathy from the throne. It was a whine for forgiveness from the throne. It was a subtle and subliminal attempt to "con" all Canadians into believing that they, individually, are to blame for the state of Canada today, not this great wonderful government which sits opposite and which has occupied the benches of power and authority in this House for the last nine years.

That is what the Speech from the Throne was designed to do, Mr. Speaker, but it has fooled no one. Despite the fact that it was delivered by Her Majesty the Queen, its content is insipid, to say the least, and its intent is insidious, to say the best. What have we had after nine years? Canada brought to its knees. I do not want to bore the House with figures, but briefly they show that in 1968 the national unemployment rate was 4.5 per cent. In 1967, the year before, it was 3.8 per cent. Today, it is 8.3 per cent—far worse in eastern Canada. In 1968, the inflation rate was 50 per cent less than the present rate of 8.3 per cent. It has doubled since 1968. This year, real economic growth is 2 per cent. That is the best that Pierre can do for economic growth in Canada.

The government's budgetary deficit is $9.2 billion. When I was minister of finance in Newfoundland I thought, "My God how can I ever survive?" But our deficits were not even a twinkle in the eye of the Minister of Finance (Mr. Chrétien) when compared to this government's deficit of $9.2 billion. Revenue was only $33 billion 50 million. In addition, to such a deficit, hundreds of thousands of Canadians are unemployed; and everyone is suffering from inflation. We have a trade deficit in the billions. We have a Canadian dollar worth 89 decimal point something cents in terms of the U.S. dollar.

Do hon. members remember the "Diefendollar" and how the right hon. member was jeered at, this great man who sits with us on the front benches today? Now we have the floating dollar. It does not matter that it is worth 89 cents; the great answer of those on the benches opposite is that it is a floating dollar. They are very proud of what they call this floating dollar. is like a floating rib or a floating kidney. It is something which was invented by the Liberals and is supposed to be magnificent.

Well, Mr. Speaker, as our leader said the other day, the floating dollar has sprung a leak; we have a pretty leaky floating dollar. It is a Liberal leak. It is an 89-cent dollar, and some experts think it is going down to 85 cents or possibly 80 cents before it comes up again. That is where this government has brought us.

• (1702)

Then we have this pitiful attempt at a budget which was brought in under the Speech from the Throne. I refer to it as a gay budget, because it was sneaked in the back door! It was not brought out like a properly married woman. It was hidden and sneaked into the debate on the Address in Reply to the Speech from the Throne. It is a queer budget. That is where the government has brought us.

National unity is the great Liberal security blanket. They think we are all going to go to sleep worried about national unity, and vote them back into office in 1978. Not a hope! The Prime Minister (Mr. Trudeau) cannot lead us to national unity. He has had nine years since being elected into office in 1968. He was elected on the promise of national unity and bilingualism. Where has he led us? Now he wants a confrontation so that he can get on our backs for another five years. Not likely!

Hon. cabinet ministers do not need to suck their thumbs. They have the national unity security blanket to get under every night. That will not work for them. That is the direction in which this country has been led.

A prominent Canadian, the ex-premier of Newfoundland, Mr. Joseph Smallwood, has a solution to the national unity question. I should like to quote from an article which appeared in a New Brunswick newspaper several months ago. It reads as follows:

> . . . the only way to keep Quebec in Canada is for English-speaking Canadians to "smother Quebecers with love."

I would not mind doing that in our caucus because there are only two to go. But it would wipe out the Liberal government opposite if we smothered them with love. That is the solution which was proposed by Mr. Smallwood, that we have to smother the Quebecers with love. Our two had better watch out if that advice is taken.

That is the kind of crap and nonsense which is coming from Liberals across this nation with regard to national unity. We are supposed to keep our mouths shut, listen to them, and believe that only they have the answers to these problems, while the unemployment ranks and inflation grow.

Look at Quebec in September, 1977. The unemployment is 10.8 per cent. That was the official figure. Over 10 per cent unemployment! Newfoundland was 15.8 per cent, which is the adjusted figure. New Brunswick was 15.3 per cent. Nova Scotia was 10.4 per cent. Prince Edward Island was 9.3 per cent. All of eastern Canada had over 10 per cent unemployment. That has never happened before. If it happened during the depression, I did not know.

I should like to refer to youth unemployment. In Newfoundland, 22 per cent is the official figure referring to those under 25. In New Brunswick the figure is 19.8 per cent of those under 25. Saskatchewan is the lowest. It is 6.1 per cent. The real rate of unemployment in Newfoundland, according to our statisticians, is 26 per cent. That is the miserable state the country has been brought to by hon. gentlemen opposite. We are told that we should not be Cassandras, that we should not moan and groan, and that we should not complain because it is our own fault. That is what we have been told by the hon. members opposite. On March 11, 1972, the Prime Minister said that we could be obsessed by unemployment. You bet we can. We are obsessed by it.

Now the ministers are coming forth and blaming everyone but themselves. On September 13, for example, the Minister of Finance indicated that foreigners know that Canada is riding through the current world economic difficulties in comparatively high fashion, but Canadians do not have the same buoyancy, and instead we bitch. Are we wrong to complain? Are the hundreds of thousands of unemployed wrong? Are those laid off by INCO wrong? Are those laid off at Stephenville wrong? Are those laid off at St. Lawrence wrong? The Minister of Finance says that they are bitchers. The Prime Minister has said that the remedy is not to print money, but to work harder and to be more modest in our demands, in our

profits and in our wages. That was said by him on October 6. In other words; "Do what I say and not as I do".

Some hon. Members: Hear, hear!

Mr. Crosbie: On October 11 in the Sunday *Star* the Prime Minister indicated that the answer is in ourselves. That has a faint literary ring. He also indicated that the answer is in self-discipline and the sense of values which we develop, that Canadians are a bit soft and have to be told they are soft. That is the kind of government we have. They blame everyone. They tell Canadians that they are soft. Yes, they are soft if they let the next election go by without turfing out the hon. members opposite.

Some hon. Members: Hear, hear!

Mr. Crosbie: Soft in the head. Because of the miserable amount of time we are given in this House to speak, I will refer only to one last quotation. It appeared last June in a newspaper article in British Columbia and reads in part as follows:

> Kelowna—Iona Campagnolo, minister of state responsible for fitness and sport, says a federal election probably won't come before June of next year . . .
>
> She also said unemployment and food prices will rise in Canada.

It was a positive promise that unemployment and food prices were going to rise in Canada. The article continues:

> Canadians are going to have to understand that the fat times are over.

That is great advice. Yes, the fat times are over. Because of the hon. gentlemen opposite, their fat times are going to be positively concluded as soon as they have the courage to go to the people and put themselves to the test of the electorate.

Some hon. Members: Hear, hear!

Mr. Crosbie: There has been dismal failure in economic matters and in national unity matters. There has been complete, utter, and adject failure of government policy on the question of national unity and regional economic disparity. Nine years ago the government was going to eliminate, brutalize, terrorize, and absolutely stop regional economic disparity in Canada. Of course it has not, no matter what money is being spent.

The Secretary of State for External Affairs (Mr. Jamieson) and some of his Liberal colleagues went for a visit to the province of Newfoundland. They crawled across that province to tell us how good we had it. An article which appeared in *The Evening Telegram* dated September 13, 1977, reads as follows:

> Regional economic expansion has generally failed in Newfoundland in terms of creating new secondary industries . . .

It certainly has. The article continues:

> Jamieson, who headed the department of regional economic expansion at one point in his political career, said that except for industries native to the region, industrial incentives have not "succeeded to a great extent" . . .

Also the article indicates that there was not a complete failure by DREE because of infrastructure and so on. In other words, DREE is just a method of handing out moneys across Canada to enable provinces to put in infrastructure. Good enough, but it is not overcoming regional economic disparity.

During the last nine years that the government has been in office, it has failed completely, utterly and absolutely. If it had any conscience at all, it would resign quietly. It should go to the electorate and ask the electorate if they want it to return to power. That would let someone else have a chance.

Some hon. Members: Hear, hear!

Mr. Crosbie: I am delighted to have been appointed critic of industry, trade and commerce. I will be able to have a few dialogues in the House this year with the Minister of Industry, Trade and Commerce (Mr. Horner). He was good enough to come to my nominating meeting just one year and one month ago in order to give me a good send off. Therefore I owe the hon. member something. Now he is the Minister of Industry, Trade and Commerce. That is important to Newfoundland, as well as the nation. I should like to give him a hint, that he must concentrate on fisheries and getting our fisheries products into the European Common Market and into countries other than the United States. That will be one of his priorities, if he does not want to have me after him constantly, both in and out of this House.

For the first time in 100 years we have a chance in Canada to break into the European market and markets other than the United States market. This must be one of the objectives of these negotiations which are now taking place under the so-called Tokyo Round. I hope he will not be as vague as he was on "Question Period" two weeks ago last Sunday. I have never heard anything as vague as some of the minister's references on that occasion. He has to do his homework, and I am prepared to wait another three or four days to see if he can be more specific. Also, he should be concerned about the travel deficit.

During last year Canadians travelling outside Canada spent $1.2 billion more than foreigners travelling in Canada. That huge deficit was a record for Canada up to that time. In the first six months of this year the deficit is $1.2 billion, and everyone is indicating that the deficit will be $2 billion by the end of the year, because of Canadians travelling abroad. I suppose that is because we are "fat cats", as the minister for sport and amateur fitness would say, or as the minister for amateur sport and fitness would say, or as the hon. fit minister would say. We are spending $2 billion more abroad than foreign tourists are spending here. That cannot continue.

The government has indicated that it is not going to put on mandatory controls. Therefore I suggest to the minister that one of his first jobs should be a "ban the tan" campaign. All of us have heard of the "ban the bomb" campaign. What we need is a "ban the tan" campaign. Every Canadian who dares to go south next winter and returns to Canada with a tan should be ostracized. That "ban the tan" campaign should be started now, and perhaps we will be able to reduce that $2 billion deficit next year. If hon. members get a tan from the lights in this Chamber, we can explain that.

● (1712)

I have one regret in connection with the Speech from the Throne. Her Majesty was here in Ottawa, we were all delighted to see her and, I guess, the nation was delighted to see her on television, apart from those who were invited by the government to Ottawa, and I will not go into that. My only regret is that Her Majesty's government sitting opposite refused to allow Her Majesty the Queen to visit parts of Canada other than the Ottawa area in 1977, in spite of invitations extended to her. In fact the advice that Her Majesty the Queen received from the government was not to visit the province of Newfoundland, as one example. A petition was signed by practically every member of the population as a declaration of loyalty, but it had to be sent over to London and delivered at Buckingham Palace by the daughter of one of the petitioners. Her Majesty did not come to Newfoundland because the Prime Minister would not advise her to do so. I hope that will not happen again. I hope that never again will the Queen's presence be reserved just for Ottawa and the people in the Ottawa region. I do not think that is right or proper.

The Kingston communique was mentioned by my colleague a few moments ago. It was put out by the Leader of the Opposition (Mr. Clark) and four premiers. We now have five Progressive Conservative premiers, half the country, and the Leader of the Opposition, which makes a country and a half, agreeing on what should be done. There are only two Liberal premiers left. The Prime Minister, who speaks for himself, and two premiers speak on those matters, and they scoff at what has happened at Kingston.

I should like to speak on another subject for a moment. The government is giving advice to the people of Canada. It is telling them that they have to make some sacrifices, they have to produce and they have to lessen their demands, that a lot of what is happening is their fault, that we have to restrict our ability to get what we want, and so on. All this advice is coming to us. But when the people of Canada look at the government for inspiration, what do they see? They see, as our leader pointed out the other day, two cabinet ministers, the Minister of Industry, Trade and Commerce and the Minister of Transport (Mr. Lang), whizzing out to Calgary in two separate jets, landing with their own separate parties, going to the same function, and then flying off again. That is the kind of sacrifice at which the public are looking. They are looking at raw politics in action.

There is supposed to be a great policy of relocating government departments and civil servants from Ottawa to places all around the country. Several weeks ago there was an announcement about relocating 2,500 civil servants and 15 agencies. Seven hundred and fifty people are supposed to go to Sherbrooke. So far as I know, every one of these moves was a move to a Liberal district, and most were removed to a district of a cabinet minister to try to prop them up in their feeble attempts to get elected next year.

The Hydrology Research Institute is supposed to move to Saskatoon. Well, the Minister of Transport may be suffering from water on the brain, but it is a pretty expensive way to get at it to move the Hydrology Institute to examine him. The Farm Credit Corporation is moving to Camrose in Alberta, the constituency of the Minister of Industry, Trade and Commerce. If he were still on this side of the House what an outburst we would have heard from him if that move had taken place to the constituency of the Minister of Transport and not to his! That is what the public is seeing from this government which is asking for sacrifice and for restraint. What we are seeing is raw political chicanery in everything it does, from the Queen's visit to relocating civil servants.

One of the things we are wondering about in eastern Canada is that nothing seems to exist outside of central Canada. A happening in the last few days reinforces that impression, that is, the INCO close-downs at Sudbury and in other Ontario and Manitoba communities, resulting in the unemployment of over 3,000 people. It is very bad. But the fuss that is being made here in relation to these shut downs makes one wonder about the situation in eastern Canada. For example, 3,175 jobs will be lost in Ontario as a result of the INCO shut down, that is .078 per cent of the labour force of 4,048,000. Yet in Newfoundland six months ago the Labrador linerboard mill shut down on the west coast of Newfoundland and 1,500 people lost their jobs in the mill and out in the woods. In Newfoundland we have a labour force of 198,000. The loss of 1,500 jobs means that .76 per cent of the labour force became unemployed. Was there any outburst up here in central Canada, or any attention paid to it? No, hardly a twitter.

A mine is closing in St. Lawrence, Newfoundland, and 400 jobs will be lost. The Minister of Industry, Trade and Commerce did not even answer a letter from the Newfoundland government for two and a half months asking him to impose a tariff to save the mine, or to impose a quota. An oil refinery in Come-by-Chance is closing and over 600 jobs will be lost. Is there any fuss, any activity by the federal government to try to get it going again? No, none. All those close-downs will result in 2,500 jobs being lost, almost as many as here in Ontario, but they are being lost quietly despite our cries and our plaintive appeals, the appeals of a few members from that area, members from the west coast of Newfoundland.

The government was asked to assist the Newfoundland government to keep the Labrador linerboard mill going. The Newfoundland government could not keep it going any longer because of the huge expense and because it did not have the financial wherewithal, but the Government of Canada has done nothing in a substantial way to help that concern. In fact it has turned it down. Cabinet ministers say they are not in the business of saving jobs, they are in the business of creating jobs. Yet I look at the September 30 release by the minister's department and I see that the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion are contributing $11.3 million to a firm called Valleyfield Chemical Products Limited to acquire and rehabilitate a CIL factory at Valleyfield to manufacture explosives, much of which is forgiveable and does not need to be paid back. Why is it being given? Because of this federal involvement, 250 jobs will be saved. That is what the release

says. So, to save 250 jobs in Quebec it is all right to lash out $11.3 million, but when you ask to help save 1,500 jobs in Stephenville, Newfoundland, you are laughed out of Ottawa. Let us call an election so we can show what we think of that in Newfoundland. This kind of inconsistency will be looked into a lot further before this session of parliament is over.

A civil war is going on between the Government of Canada and the government of Newfoundland. The government here is trying to crush the spirit of the government of Newfoundland. I have at least ten examples that I could give the House if I had the time to show what is happening there. Canada's representative, the Secretary of State for External Affairs, is concerned about every country in the world except about the little province of Newfoundland which is being smothered and snuffled by him, by the government of which he forms a part.

A wood cutting project was suggested in connection with the Gull Island project in Labrador. Gull Island will be developed, if not next year, then in five or ten years. All that hydro power will not go to waste for ever; Canada needs it. The environmentalists have said that wood should be cut away on the sides of the lower Churchill river so that the reservoir will be in an area where all the wood has been cut out. The government of Newfoundland suggested to the government in Ottawa that it is a great work creation program which would involve employing some of the 900 loggers laid off at Labrador linerboard to start this wood cutting project on the reservoir. The project would take about four years and would employ about 400 loggers, and it would be worth while because the work has to be done anyway. The officials appeared to be delighted with this sensible suggestion for a make-work project. Yet the answer came months later from the minister of manpower and immigration, the now Minister of Employment (Mr. Cullen), that Canada Manpower cannot approve this proposal until it is certain that the project will proceed, the whole $2.5 billion project. They will wait until it is certain that it will proceed! What malarkey! It might be five years before this happens. That is their answer.

Ottawa must look at environmental considerations before giving the green light, and yet the environmentalists themselves have said that the wood must be cut off before the work is started. The member for the district says that no funding for this project will be considered until an environmental impact study has been done. I think we must do an impact study on this government and impact it right out of office.

Some hon. Members: Hear, hear!

Mr. Crosbie: There is a fisheries confrontation. The government, through its Minister of Fisheries (Mr. LeBlanc), is attempting to dominate and crush any plans, policies or suggestions for the development of the fisheries that the Newfoundland government has through its minister of fisheries. The Standing Committee on Fisheries and Forestry has examined this.

Newfoundland is the province most dependent on fisheries in the whole of the Dominion. Twenty-five per cent of our work force is in the fishery or connected with it, and 10 per cent of our gross provincial product is involved in the fishery. It has great prospects for the future, yet when the provincial minister of fisheries sent a proposal to the federal government on May 11 outlining what should be done in various areas of the fishery it was repudiated without even the courtesy of a meeting. Most of the proposal was thrown out and the rest of it must wait until this government develops a policy for the Atlantic fishery. The federal minister refuses to meet with the provincial minister.

• (1722)

The Newfoundland government has started a program to build 100 longliners to replace vessels 40 to 65 feet long in the present fleet, but the 35 per cent subsidy that the federal government used to pay has been refused, and now the program will cost the Newfoundland government an additional $12 million. The federal government will not permit the chartering of foreign fishing vessels nor joint ventures.

I do not have time to go into details on all these matters, Mr. Speaker, but I submit that the Standing Committee on Fisheries and Forestry should be permitted to examine the minister and his aides and to invite the minister from Newfoundland and his aides to appear before it to make recommendations in an effort to resolve this problem. That committee should show some guts, and the majority of its members should stop being slavish devotees of the government. This is an area where there is complete confrontation, but because of the British North America Act the federal minister can have the last word. He can have the last word while he is in office, but if he is not in office he can have no words at all. That is what will happen to the minister and this government if they do not adopt a better approach than this to the provinces.

I have 100 examples, Mr. Speaker. There is the interprovincial ferry service, for instance. As a result of that service coming into operation, coastal boats no longer have to call at settlements, thus saving the Government of Canada great sums of money. The federal government agreed it would pay for the intra-provincial ferry services from certain islands to the mainland because it was saving money on the coastal boats. Now, however, the Minister of Transport tells the government of Newfoundland that it has to take over and pay for the ferry service. His list of crimes of omission and commission is long and I do not have time to deal with it properly.

The *Cape Sambro* is a trawler. This is the worst incident in recent months. There is a shipyard at Marystown, in the riding of the Secretary of State for External Affairs, which is owned by the government of Newfoundland and employs at least 400 or 500 people. In the fall of 1975 the yard had no work and could not get work, so the government of Newfoundland decided to have a trawler built to the same specifications as earlier trawlers in the hope that someone would buy it—perhaps National Sea Products Ltd.—so that the yard could keep going. They spoke to the Secretary of State for External Affairs who told them that if they went ahead he could assure them they would get the 35 per cent subsidy, 22 per cent from the Department of Fisheries and 13 per cent from the Depart-

ment of Industry, Trade and Commerce, under regular programs. This was a $4,250,000 vessel so the subsidy was very important in order that the shipyard could compete with foreign yards.

The trawler was built and the minister was contacted about the subsidy in October, 1976, because officials in Ottawa were not talking much about it. There was an offer from National Sea Products Ltd. to buy the vessel for 10 per cent down with a 55 per cent mortgage, and the balance to be covered by the 35 per cent subsidy.

The Department of Industry, Trade and Commerce agreed to pay the 13 per cent subsidy that goes to shipyards, but the Department of Fisheries has resolutely refused to pay the 22 per cent or $935,000, from that day to this. The Minister of Fisheries and the Environment is defying the Secretary of State for External Affairs saying that he will not pay the subsidy. The Secretary of State for External Affairs came to Newfoundland with his Liberal colleagues last September. He was questioned about this matter, and the following report appeared in the *Evening Telegram* of October 21:

> The federal minister from Newfoundland said Sept. 22 the Cape Sambro affair had been a "foul up from day one" and, without making a specific commitment, said the federal government would do its best to straighten out the situation.
>
> At his side, Fisheries Minister Romeo LeBlanc said on that occasion it is regrettable that the province went ahead and built the trawler on speculation that the full subsidy would be paid. He also said Ottawa would try to resolve matters.

He had better resolve them, Mr. Speaker. It was big of him to say it was regrettable they had gone ahead. They went ahead because his colleague, the Secretary of State for External Affairs, said they would get the subsidy. He said there had been a foul up and the federal government would do its best. Mr. Speaker, the best thing it can do is give the money, and if the Minister of Fisheries and the Environment does not, he will have to answer for it when he appears before the Standing Committee on Fisheries and Forestry. We will deal with him in the House and, as Churchill said, we will deal with him on the beaches and in the fields and in the sea and in the coves until he pays up that 22 per cent that his colleague, the Secretary of State for External Affairs, promised the poor little government of Newfoundland.

The Acting Speaker (Mr. Ethier): Order, please. I regret I have to interrupt the hon. member but I must inform him that his allotted time has expired. However, he may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): There is not unanimous consent. The Chair did not hear unanimous consent and therefore has to recognize the hon. Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson).

Mr. Crosbie: Is it agreed or not, Mr. Speaker, that I conclude?

Some hon. Members: No.

Mr. Crosbie: Let the record show that the Minister of National Revenue—

Some hon. Members: No.

An hon. Member: Sit down.

The Acting Speaker (Mr. Ethier): The Chair asked was there unanimous consent of hon. members, and it was refused. Therefore the Chair recognizes the Parliamentary Secretary to the Minister of National Health and Welfare.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I want first of all to say how pleased I was, and I know members of my constituency were as well, to have the Queen open our parliament recently. I was pleased and honoured to have the opportunity of meeting Her Majesty and His Royal Highness Prince Phillip. This was a great honour shared by many other members of parliament.

In keeping with tradition, I should like at this time to extend my congratulations to both the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) on their thoughtful remarks which opened the debate on the Address in Reply to the Speech from the Throne.

I should like to mention briefly the report submitted by the subcommittee on the the penitentiary system in Canada. I will not cover the background of the report because my colleague, the hon. member for Windsor-Walkerville (Mr. MacGuigan), spoke at some length last Friday about the recommendations made and their future implementation. As a member of that subcommittee I want to add that the report we produced was unanimous, representing all parties in the House of Commons. The feedback I have received from experts in the penal field and the general public has been positive and encouraging. The response of the minister, to date, has been reasonably supportive, and I hope that virtually all of the recommendations will be implemented and will receive the unanimous approval of the House.

At this time I wish also to thank my colleagues for their support and good wishes on my recent appointment as Parliamentary Secretary to the Minister of National Health and Welfare (Miss Bégin) and the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo).

Some hon. Members: Hear, hear!

Mr. Robinson: I am not entering my new responsibilities empty handed, without experience, because I have been chairman of the Standing Committee on Health, Welfare and Social Affairs for the past three years. My duties there were made easier because of the active participation of all members and, as a result, good legislation was returned to the House for consideration and passage.

I want to mention one private member's bill which was dealt with by the committee, Bill C-221, introduced by the hon. member for Surrey-White Rock (Mr. Friesen), which proposed an amendment to the section of the Criminal Code

dealing with the abduction of a child. When parliament recessed, this bill was under consideration by the standing committee. I am confident that I have the full support of the House when I say that I hope that this bill will retain its present status so that the witnesses arranged can be heard and a report finalized in this forthcoming session.

● (1732)

When I was chairman of the Standing Committee on Health, Welfare and Social Affairs I followed with considerable interest and satisfaction the development of federal legislation on social services. As a matter of fact it was my pleasure to address a volunteer agency on the topic about this time last year. This is why I take particular pleasure today in speaking about the legislation which the government hopes to introduce in this session. For those hon. members who may not be aware of the development of this legislation I would like to take this opportunity to identify its origins and to suggest the form the legislation might take.

As a result of concerns being expressed by a growing number of Canadians, the federal and provincial ministers of welfare decided to have a look at our country's social security system. A social security review was launched soon after, with the release of the Working Paper on Social Security in Canada on April 18, 1973 by the then minister of national health and welfare, the present Minister of State for Federal-Provincial Relations (Mr. Lalonde).

As a direct result of this review there were a number of improvements in many areas. First, there were significant improvements in the old age security and guaranteed income supplement programs. Second, there were significant improvements in family allowance programs. Third, there was increased compatability between the Canada Pension Plan and the Quebec Pension Plan. Fourth, there was the introduction of indexing to federal income maintenance measures. Fifth, there was research into how the taxation system could be used to develop benefits for the working poor.

I now come to the developments with respect to social services which have occurred as a result of the review. I feel that the federal and provincial ministers have been particularly impressive in responding not only to the needs of the aged, the handicapped, and children, but also to the changing social climate between 1973 and today, a climate of increasing economic restraint and of changing concepts of confederation. I would like to discuss this climate a little more fully.

In the fall of 1974 one of the working parties which grew out of the review, the working party on social services, produced an interim report which contained a critical review of social services in Canada and proposed areas for further study and consideration. Following receipt of this report the then minister of national health and welfare proposed to his provincial colleagues federal sharing in a wider range of services than was possible under the Canada Assistance Plan and additional financing for improved services in the areas of rehabilitation services and support services for the aged and handicapped. In May of 1975 the welfare ministers met and agreed to develop the necessary legislation in consultation with each other.

A year later, in June, 1976, general agreement was reached on an outline for the proposed legislation on social services. The federal government therefore began drafting the appropriate legislation, and consultation continued with respect to the regulations.

The proposed social services act, Bill C-57, was read for the first time in this House of June 20, 1977. Its presentation had been somewhat delayed by developments in the health sector. New legislation covering the federal contribution to Canada's health services took effect on April 1, 1977.

What is important to remember is that throughout the negotiations the provinces urged that the federal legislation on social services should allow them flexibility to develop services in response to their perceptions of their needs and priorities, provide them with security of financial arrangements, and avoid undue administrative complexity.

As the development of the legislation and the negotiations with the provinces on the regulations progressed, it became apparent that the conditional cost-sharing approach might no longer be the most appropriate instrument to promote the improvement of social services and to provide the provinces with the flexibility they desired. There has been a growing concern that the legislation as proposed might be difficult to administer. It was feared that the introduction of block financing for health services in April, 1977, would make administrative matters even more complex because of the close relationship between many of the services, such as homemakers' services and nursing services.

Furthermore, the trend in an increasing number of provinces was to integrate health and welfare services, thus making less clear the line between them and making certain service definitions difficult to evolve. Too much complexity in a federal-provincial agreement would mitigate against positive working relationships between the two levels of government, and in terms of federal-provincial relations this was an important consideration. However, it was equally important in terms of the development of the sector and the improvement of social services in Canada.

The federal government has responded vigorously and creatively to these concerns. The former minister of national health and welfare made an alternative offer to the provinces which, if accepted, would provide them with the basic financial security they desire, while at the same time allowing them maximum flexibility and minimum administrative complexity.

In September of this year the minister proposed to the provinces that a block financing arrangement be substituted for the conditional shared cost approach which was reflected in Bill C-57. Under a block financing approach the federal contribution in 1978-79 and onward would be based on a per capita formula rather than on provincial expenditures.

The formula provides for expansion and growth in the sector, recognizes price changes, and includes a levelling factor which would bring all provinces to the same per capita pay-

ment in ten years' time. The combination of these factors would have the effect of raising the federal per capita contribution of $22 in 1977-78 to close to $70 per capita in 1987-88, given current projections of the rate of growth. The federal contribution in a first full year of operation would be some $700 million.

I would like to emphasize three very important points. Some comments have been made, in the news media and elsewhere, that the federal government's offer to block finance the social services represents a withdrawal from the sector. Nothing could be further from the truth. The government attaches just as much importance to the development of social services as it did when it introduced Bill C-57. Indeed, it has demonstrated that commitment by including in the offer $132 million as its share of the growth and expansion that are necessary in the field of social services.

I would like to emphasize that the block financing arrangement would cover precisely those services which were defined in the social services bill tabled in this House on July 20, 1977. I should stress that I am referring here only to social services and not to the income maintenance needs of disadvantaged Canadians. Those needs will continue to be met through a variety of federal programs and through the income maintenance provisions of the Canada Assistance Plan.

It is still too early to determine what the reaction of the provinces to this imaginative proposal will be, and hence to predict when new legislation reflecting it will be ready for presentation to the House. The Minister of National Health and Welfare very recently wrote to her colleagues and hopes to have their views on this matter in the near future. If the response continues to be as positive as has been evidenced so far, the government will introduce a revised social services bill during this session.

I know of no real reason why the over-all response to this attractive offer should be anything but positive. On the one hand, the governments of the provinces would be completely free to respond to the needs in their provinces in accordance with their own priorities. On the other hand, both levels of government would have their energies freed to work together on social policy issues rather than having to maintain detailed administrative arrangements, with the attendant friction.

In responding as positively as it has to provincial concerns I believe that the federal government is laying the groundwork for an excellent model of co-operation with the provinces which will lead to greater social progress in Canada in a way more in keeping with our developing confederation.

I would now like to direct my comments to our economic policy. In the past year the government has published two discussion papers. The first was "The Way Ahead" and the second "An Agenda for Co-operation". Both papers suggest that it is necessary to find a better way of managing our economy, a more equitable method to spread out the wealth when times are good, and an improved way of pulling together when times are bad. The Speech from the Throne, the address by the Prime Minister (Mr. Trudeau), and the economic and fiscal statement by the Minister of Finance (Mr. Chrétien) all echoed a similar theme regarding our present economic state: high inflation, slow growth, and high unemployment. To quote the Prime Minister, "We were in a true sense, a nation living beyond our means."

● (1742)

The Minister of Finance outlined some of the measures that the government will take to improve our present economic climate. I would like to discuss only a few, controls, further job creation programs, and the encouragement to the business sector.

It is two years since the establishment of the Anti-Inflation Board. Controls have helped greatly to check the inflationary spiral. During that period the Board has operated just about on target. Costs have been brought down, wage settlements are down, and the consumer price index has been brought down as well. You will realize that the government does not want to intervene indefinitely. Therefore the Minister of Finance announced that a phase-out of controls will begin on April 14, 1978. The Anti-Inflation Act will be amended, and an agency will be established to monitor price and cost developments.

Many groups have called for the immediate end to controls, but they do not seem to realize that their solution would only result in a rapid escalation of wages and prices, which would feed inflation and which would do nothing toward stimulating the economy or reducing unemployment. This gradual phase-out will allow us to sustain fiscal and monetary restraint.

There is no question that the Canadian economy is facing a very serious unemployment problem. The labour force has grown rapidly, with an especially high influx of young people into the labour market. Youth unemployment is a world-wide phenomenon and Canada has been a leader in providing innovative direct employment programs, the most recent being Canada Works and Young Canada Works. Four hundred and fifty million dollars have been already budgeted for these and other programs. The Minister of Finance informed us that an additional allocation of $150 million would be made available to create work projects in high unemployment areas. It was also stated that the government was exploring a new approach to job creation schemes in the form of a new program of employment credit for private business firms.

I fully support these new measures. However, I am keenly aware that these programs do not provide long term employment. We must look to private enterprise to supply this employment. However, job growth will only result if our industries are capable of better productivity so that they can actively compete in the world market place. There is strong international competition for productive resources and markets.

During the last session the government took several initiatives to assist Canadian business. For example, the Enterprise Canada 77 program is an effort to enhance development in the business community. At this time, all across the country, businessmen are being invited to attend seminars and workshops on export financing, technological innovation, and productivity, to name a few. The Minister of Finance stated that

the fiscal measures mentioned in the March budget would be reintroduced. These include the introduction of a 3 per cent inventory allowance, the enrichment of the dividend tax credit, and the extension of the investment tax credit.

It is important to note that we have recognized the need for, and are prepared to participate in further consultation and co-operation with the provinces and labour and business, if our industrial sector is to get back on its feet and create the much needed employment for Canadians.

For the last few minutes I have been speaking about what policies the government has taken and will adopt to revitalize the Canadian economy, but at this point I would like to turn the tables, using the Kennedy approach, and ask all Canadians if they are prepared to contribute. To quote the Prime Minister:

> What is needed is a simple decision on the part of the Canadian people to co-operate to keep their costs down, to live within their means, to act together in a spirit of co-operation in every area of the economy.

Aside from our preoccupation with the economic concerns of this country, Canadians are individually and collectively reaching out to discover what links us together as a Canadian people and by what means we can express our dedication to the Canadian spirit. With the passage of bill 101 by the National Assembly of Quebec, the national unity debate has intensified. No longer do some of us underestimate the dedication of the Parti Québecois government, a government which sincerely believes that separation is the only way in which the French culture and language can survive.

All Canadians, French and English alike, are at the crossroads. A choice must be made. Some consensus must emerge on the future of our country. Therefore I was pleased when the Prime Minister announced that during this session legislation would be introduced concerning a referendum, which will allow the federal government to consult with all Canadians on the national unity issue.

The Speech from the Throne reiterates the Prime Minister's wish that we participate more actively in the reshaping of the future of Canada, and to quote from the Speech from the Throne:

> The government dedicates itself profoundly to the rediscovery of the spirit of unity. It wishes to learn from all who are interested in Canada and who have thoughts on how it can be a better place in which to live.

Thank you, Mr. Speaker.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I am pleased to take part in this long traditional debate. First, like previous speakers, I would like to congratulate the mover and seconder of the motion on the Address in reply to the Speech from the Throne. I admit that perhaps I would not have been as generous as they were in their comments on the throne speech, but anyway they are two new members to whom I would like to wish much success in the interests of their own electors.

I would also like to point out, Mr. Speaker, that I represent a constituency which as most others in Canada is now experiencing the problems and concerns stated in the throne speech. I also come from a particularly tormented province taking into account the political and economic circumstances. My constituency as many others needs a certain economic impetus. Agriculture is also having some difficulties. The unemployment rate is unacceptable and I think that I am only representing a constituency which is not unlike many others. During the next few weeks, no doubt I will have the opportunity to deal with some projects or pieces of legislation that could solve these difficulties. I also hope to have the opportunity to make some comments that will be taken into good consideration by hon. members on the government side.

I listened very carefully to the Speech from the Throne and also with interest to speeches delivered by the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Chrétien). I draw from them all a very clear conclusion: the obvious recognition of a difficult if not catastrophic situation at both the economic and political levels. Of course both speakers called for co-operation from all Canadians to redress the present situation. Both recognized the absolute need to obtain the confidence of the Canadian people, thus inviting as well the official opposition to co-operate with them to help regain this confidence. In ten years, I have never seen a government as ill at ease, as concerned about the various problems as the Prime Minister and the Minister of Finance.

Mr. Speaker, can anyone believe that, as members of the official opposition who have the responsibility and duty to denounce, on behalf of the Canadian people and with all our might, the failure of the current administration, we could co-operate with this government and help it obtain this trust? What do they take us for, Mr. Speaker? Could we ask the Canadian people to trust a government which has demonstrated such evident inaction, which has failed to achieve the objectives it had set for itself in 1968, from the "just society" to national unity, which was responsible again quite recently for the elimination of some 6,000 dairy producers in the province of Quebec alone, which had succeeded in fostering so much hope, then creating so many needs which finally turned into so many cruel disappointments.

● (1752)

But then I say they are expecting too much from us, much too much indeed. Mr. Speaker, I would like to give a fairly faithful and precise account of the specific reasons why we, members of the official opposition, felt we had to decline an invitation by the minister although he claimed he needed that kind of confidence. Should we remind him of the situation we are facing now? I suppose the Speech from the Throne overlooked this matter of equal opportunities and economic justice, of difficulties and cultural injustice in the future. In my opinion, the Speech from the Throne should have been read five years ago. In my view we are in a slump, therefore, we cannot possibly ask the Canadian people to trust the Speech from the Throne.

I would like to give a few examples to support my statements which are very harsh indeed, Mr. Speaker. When Canada celebrated its centennial in 1967, it was one of the

privileged countries in the world. We were a simple, vigorous and flourishing country which could look confidently towards its future. It was a country where, in spite of different origins, languages and cultures, people were showing signs of good will and were ready to make the necessary compromises to live together in some kind of satisfactory cohabitation, so that in spite of the normal frictions and necessary adjustments we were moving slowly but steadily towards a mode of mutual tolerance and harmony. In a word, Canada was moving forward and it was possible to believe that Sir Wilfrid Laurier was right when he said that the twentieth century belonged to Canada.

Ten years have passed and all this is disappearing and will soon be nothing but a memory. Ten years later, we find ourselves in a country stuck in alarming economic programs which are about to paralyze for a long time our economic growth and development, a country divided by political and linguistic prejudices, a country which is wondering about its future. What has happened in this ten-year period to make the butterfly turn into a caterpillar and the dream become a nightmare? In 1968, Mr. Speaker, after the Centennial celebrations, a general election put at the head of the government a man who, we must admit, hoisted himself by the sheer power of his personality and intelligence. So deep has been his influence on the economy and even our national fabric that he unknowingly has confused and cast them adrift. I know that government members will accuse me of petty partisanship because I am attacking their party leader. True, he is a personality above average, but, personally, I am not so blind as to be unable to see him as he actually is.

I am taking the Prime Minister and this government to task all the more easily. I know they are able to defend themselves. I also know that he is a Quebecker just like me and that the words "français" and "franchise" have the same root. Whether members opposite admit it or not, I say that the frustrations and difficulties which our country is now experiencing stem from the personality and the behaviour of this government and of the man who has managed the affairs of Canada for nearly a decade, Mr. Speaker.

It has been said that the Prime Minister has charisma, that he exudes an uncommon magnetism; it is true. But it is also true that he flaunts his arrogance, that he knows nothing about flexibility and that he does not recognize his errors readily. It is also said that the Prime Minister is an intellectual, that he is refined, that he is quick-witted, which is also true. But it is equally true that his line of reasoning is often a one-way street, that he plays with words like a juggler, and that he is slow in adapting to new realities. Besides, the Prime Minister himself has in the past said of himself that he constantly sought out new challenges, that he found it difficult to conform, that he loved a tough fight, that he did not care about details, and very little about whether or not people agreed with him. All those aspects of his character, Mr. Speaker, combine to throw light on the ever astonishing performance of the Prime Minister since 1968, in this House as well as outside.

I wanted to draw that rough sketch of what I believe to be his qualities and his faults, for I feel that therein lies the true explanation for his actions since he has come to power, actions which are but the prelude to the economic and political stagnation in which we now find ourselves.

In his speech last week, the Prime Minister decided at long last to recognize that the country is up against serious economic problems, but again he would have us believe that it all happened as if by magic, because of the economic situation throughout the world, because of inflation, because of unemployment, because Canadians live beyond their means; in short, because of everything save him and his government.

But he took good care not to admit that for the past nine years he had tried to pass as an economist without any qualifications in that field. Nor did he admit that his own views on the most effective ways to fight unemployment and inflation had swayed the Cabinet into adopting short term policies over the past few years, which failed to get to the roots of the problem. Incidently, I would be curious to know the views of the former minister of finance, Mr. Turner on the economic philosophy of the present prime minister. The Prime Minister would not confess that he had made a mistake on the issue of price and wage controls. He scorned my party's suggestions during the 1974 electoral campaign but ended up by having to implement them a year and a half after. The difference is that they were 18 months overdue and were applied without previous consultation with those affected by these measures. And as a matter of fact these controls proved almost ineffective because business and labour were not involved in their application.

Finally, the Prime Minister does not really know how to remove the controls because of the climate of mistrust and uncertainty he created by his attitude in the economic world. Such was the disastrous economic performance of this government for almost 10 years. And it is that same government and that same man who spoke about leadership during the 1974 campaign. In 1972, he had another slogan: This nation is strong, he proclaimed everywhere. Indeed, the country was strong, but he succeeded in breaking it up.

However, the most disappointing performance of the government leader concerns national unity. Our great expert on constitutional matters has done so much that the cannons on the Plains of Abraham are perking up.

Never had separatism been so strong before the advent of this government in 1968. But I suggest that it is himself and his government that are responsible for the rise of separatism in Quebec, because of their arrogance and rigidity, their continuing reliance on the status quo, their obvious contempt for provincial grievances and their morbid fear of giving up the least bit of federal authority. Indeed, he is the man responsible for the rise of separatism in Quebec.

Today, he would have us believe that the separatist thesis and the coming into power of the Parti Québécois on November 15 are at the root of all the ills suffered by our country at present. But he fails to say that he is responsible for the rigid, insensitive and costly implementation of the Official Lan-

guages Act which only succeeded in upsetting the English-speaking provinces without meeting the aspirations of the province of Quebec that were quite different, Mr. Speaker.

Because he had promised English Canada that his bilingualism policy would deal with the problem of national unity—and he still maintains this—the Prime Minister raised great hopes that were frustrated. Because he always persisted in reducing the constitutional problem to a mere linguistic dimension, he only succeeded in aggravating the grievances of Quebec towards the federalist system.

In addition, how is it that over those years, the Prime Minister has never heeded the growing menace of separatism and did not see fit to warn English Canada about it.

I shall quote his own words to back my contention that either he has very little political foresight, or he was deliberately hiding the truth.

Mr. Speaker, as I have several very interesting quotations to make this evening, may I call it six o'clock, and continue my remarks at eight o'clock?

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until 8 p.m.

AFTER RECESS

The House resumed at 8 p.m.

● (2002)

Mr. La Salle: So I shall continue, Mr. Speaker. Before we adjourned, I was saying that along with my comments, I would make a few quotations to illustrate the total unawareness of the Prime Minister, as shown by some statements he made over a number of years.

For instance, in May 1966, he said it was unlikely that Quebec would ever want to separate. In May 1968, he asserted that federalism was gaining ground in the province of Quebec. In January 1970, he said that federalism was not threatened. In July 1971, he contended that his firm stand on the constitutional issue had prevented separatism from developing in Quebec during the past three years. In September 1972, he claimed that as a result of the efforts made by his government, Canadians had never been so united. In October 1972, he predicted that separatism was disappearing in Quebec.

Mr. Speaker, those are the statements made by the Prime Minister throughout Canada and in particular in other provinces than Quebec. On top of that, a few months before November 15 of last year, he announced to the Canadian people, and this beats all: Separatism is dead. However, he said, one should not lose all hope since last January, he came back again saying: Separation will not take place. Let us hope for the sake of this country that this time he will be right. But it is above all in his discussions with provincial governments that one can see how great are his diplomatic skill and statesmanship.

[Mr. La Salle.]

In May 1967, he denounces the aggressiveness of provincial premiers. In January 1968, he states that it is time to engage in a fight against the provinces about the constitutional reform. In January 1968, as well, one week before the constitutional conference, he warns Quebec that it empire building is out of the question. In March 1968, he accuses Premier Johnson of negotiating in bad faith. Also in March 1968, he says that the Quebec government is "an insignificant provincial government". In April 1969, he says about Premier Bertrand that he has lost his senses. In April 1970, he describes the Quebec premier as an unimportant provincial politician. In May 1970, he accuses the provincial premiers of blackmail. In February 1972, he accused the British Columbia premier of being narrow-minded. In June 1972, he also called Quebec's claims insignificant. Finally, more recently he derided former Premier Bourassa—one of his cousins—for eating hot dogs.

As you see, Mr. Speaker, the Prime Minister and the government did not spare any efforts to bring about national harmony in this country. If only the Prime Minister would remember a statement he made in 1971. I don't know if my friends opposite remember. He said he would resign if a separatist government were ever elected in Quebec. You will not mind, Mr. Speaker, if I deplore aloud that certain promises prove to be empty words.

From the beginning of my speech I have tried to establish the link between the man who has been running this country for nearly ten years and the dramatic imprint he has left on it. He is, of course, a man out of the ordinary, I admit without hesitation. How could he be otherwise and yet manage to stay in power in spite of so many contradictions, disappointments, mistakes and turnabouts? He has been unique in many respects and it will be said of him that he was not a prime minister exactly like the others. But legend lasts only so long and with the coming winter I find comfort along with a very large number of my fellow citizens in the thought that spring will finally bring the final curtain down on a show that has already lasted for too long. Quite fortunately for the future of Canada, I think we have started the final act entitled: The colossus with clay feet. Mr. Speaker, those statements made across this country knowingly or unknowingly hid the truth. Only the Prime Minister can tell for sure. I made reference to a series of statements which were misinformation spread across Canada. Mr. Speaker, I think that those quotations were correctly interpreted. After reassuring English Canada particularly that separatism will decrease in the province of Quebec, they had the gall to support the CBC when it misrepresented the facts throughout the country. I say to all Canadians, Mr. Speaker, it would have been wiser to reflect on the CBC broadcasts instead of believing the Prime Minister's statements, and this, for the last four or five years.

● (2012)

Mr. Speaker, I would also like to remind you, when I say that the separatism issue in the province of Quebec is due to the inflexibility of this government, I would like to remind you also of those negative answers made not only to the present first minister but also to Mr. Bourassa, Mr. Bertrand, Mr.

Johnson, Mr. L'Allier, Mr. Hardy, Mr. St-Pierre, who relied on a great number of members from Quebec in Ottawa, on representations which fell on deaf ears, and which were so many reasons they gave at that time to the present first minister to reject a federalism that they wished and still wish to be viable.

With regard to the representations made by the province of Quebec particularly, could the government remember also the common front put up by the finance ministers against the federal government and realize that the views of the province of Quebec were also shared by the nine other provinces in some respects. And now, a few days ago, the Prime Minister laughed at us when he said that no government has ever been as flexible as his. But, Mr. Speaker, a few provincial Liberals remember that the measures advocated by this government led to disaster in the last provincial election.

The dairy policy which deprived Mr. Bourassa of invaluable support because of the mismanagement of an ill-conceived, ill-prepared federal policy proved very costly to the Quebec milk producers. I could mention the Ontario milk producers because that issue has not been settled, but I will come back to that. Mr. Speaker, for ten long years we have listened to those men, and I say again that they have the gall to ask for our cooperation, to win the public confidence. But the only way to settle that question is not through a cabinet shuffle which will not produce any new ideas due to the absence of new faces.

Mr. Speaker, I remember that it was rumoured at the time of the by-election that the hon. member for Langelier (Mr. Lamontagne) had been promised a portfolio in the forthcoming cabinet shuffle. I realize that he must be disappointed, I am sorry he is absent from the House, and I suggest he could have brought something new to this 10-year old government. The ministers have played some sort of musical chairs; the Minister of Finance (Mr. Chrétien) was shouting from the top of his lungs last Thursday that the worst thing was the fear of fear itself, not realizing that he was shaking all over as he was saying this. We are not to expect any new idea from this cabinet, Mr. Speaker. The Minister of Finance has been there, with all his colleagues, for the past 10 years and he was supposed to come up with new ideas. What did we get? Leftovers. The government has clearly demonstrated that it is exhausted and the only solution is to get rid of it.

Mr. Béchard: Are you kidding?

Mr. La Salle: Mr. Speaker, the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) is asking me if I am kidding, after this huge failure of some 10-year duration in the area of unemployment. Huge failure also in the area of national unity, under a government which still claims to be the government of the people, even after the elections of a separatist party in Quebec.

Furthermore this same government, elected in Quebec, promised ten years ago to achieve Canadian unity. Is it not a colossal failure, Mr. Speaker? And do you suppose that we, the members from Quebec, are going to co-operate with this government in an effort to convince the Canadian people to back it up? The Canadian population would resent it, Mr. Speaker. They have shown unparalleled incompetence. And as far as the economy is concerned, to this day this government has shown complete lack of competence and effectiveness; for how long has this been going on?

I listened to the Minister of Finance (Mr. Chrétien) boast about the tax reduction when we know that our leader and our financial critic have been asking for this reduction for the past two years in order to give a minimum purchasing power to Canadians in view of the absence of positive action and new initiatives. Are we going to support this government, Mr. Speaker? No, we are not and we shall do everything in our power to remind the Canadian people of its colossal failure at the political and economic levels.

In Washington recently, the hon. member for Bonaventure-Îles-de-la-Madeleine certainly heard his beloved leader express his wish to make an in-depth re-evaluation of our constitution and say the exact opposite of what he has been doing for the past ten years. Suddenly, the truth has to come out. Recently in this House he gave us a lecture on history. Canadians know it and Quebecers think that they do too. Mr. Speaker, I believe that because of our responsibilities as members of parliament, we must denounce the stand-patitis of this government and refuse to help it regain the confidence of the people when this government has continually favoured confrontation among unions, businessmen and provinces at a time when it would have been essential to bring all these people together for a round table discussion!

It is unthinkable to try to restore our economic climate without those people, and on this level also, the government is doing nothing. And we know that it needs now the co-operation and the advice of these businessmen. We have been asking for a long time that the government meet with these associations to try to find a way to restore the economic climate, and now of course, there will be the question of a referendum, which is another original idea of the right hon. Prime Minister (Mr. Trudeau) and this government to hide the real problems. They are not afraid of increasing the tensions which exist in Canada by using the referendum issue in order to conceal the real problems. These problems have been concealed under the bilingualism issue. As this may show a lack of initiative or imagination, they are coming up with the referendum formula. But this is not what we need. I think, Mr. Speaker, that the important thing is to prove not only to Quebec but to all the provinces that there is a possibility of restoring the economic climate, thereby enabling the Canadian people, both English and French, to fraternize just like they did ten years ago during the centennial celebrations. This is the way to proceed.

When Canadians are made to believe that the solution lies in national unity, this is not true; this is a smokescreen. It is by restoring the economic climate, by establishing a minimum income for each citizen that we will be able to get Quebec and all the provinces around the same table and I would be very pleased to accept this challenge. We now have the proof of the tremendous failure of this government. We, in the opposition, cannot believe for a single moment in the projections made by

the Minister of Finance, for instance, since those made by the previous ministers have proved to be false, thereby embarrassing the government. And the financial qualifications of the Minister of Finance are probably not any better than mine, in spite of all his goodwill, Mr. Speaker, and I shall never go so far as to solicit the Minister of Finance, for example.

Mr. Béchard: Good luck!

Mr. La Salle: But he has announced measures and estimates which we have heard long ago, with the same economists and the same experts, and which have turned out to be just as wrong. How is it possible to ask the Canadian people to believe in these estimates? It is unthinkable. It has been proven a hundred times, Mr. Speaker, that these were outright misrepresentations and that all the objectives set by the government have turned out to be failures. In these circumstances, Mr. Speaker, I do not think it will be difficult for me to vote against this throne speech. I repeat that I will not miss the opportunity during the coming session to urge these Quebecers—who certainly feel like interrupting me from time to time—to ask these Quebecers sitting on the other side to consider the responsibilities which fall on their own government.

Is there anything more odious, Mr. Speaker, than to pretend that there are problems in my province since November 15? Mr. Bourassa was saying yesterday in a broadcast that he saw these problems coming for three years and that he deplored the narrowmindedness of his colleagues in Ottawa. So my dear friends, how many times have you made fun of your little cousin? You held him up to ridicule enough, I repeat, to be responsible for the election of a government which aims at the division of the country, and contrarily to what you have told me, you have abused people in the past. I do not seek independence, but between the two extremes—

An hon. Member: There is the third option!

Mr. La Salle: —between the two extremes, contrary to the minister who is speaking of the third option—

● (2022)

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. La Salle: Thank you, Mr. Speaker. I shall conclude on this, having no intention of exaggerating. The Prime Minister issued a warning not to opt for a third option. Is it possible, Mr. Speaker, that the Prime Minister contradicts the reasoning and directives of the Pepin-Robarts Commission? Mr. Pepin referred to a third option. Mr. Pepin has been stressing all the time that between those two extremes, independence and the referendum on the one side and centralization and this government's *status quo* on the other, we should opt for a central, third option.

Highhandedly the Prime Minister is rejecting the advice given by people he chose himself. Mr. Robarts and Mr. Pepin can give sound advice to the Prime Minister. But he feels that he is Canada, he cannot accept the advice given by Mr. Pepin, one of his former advisers, and Mr. Robarts, a well-experienced man. We should not choose a third option, we should remain by his side. When we were not thinking along the Liberal lines, when we expressed a concern for Quebec and provincial autonomy, we would be separatists. Well, we are neither Liberals nor separatists. Thank God, Mr. Speaker. My feeling is that between those two extremes, there is space for something else and after a meeting our leader recently—

Some hon. Members: Which one?

Mr. La Salle: —after—What an information gap! Those people over there are not even aware! After a meeting, our leader, with the four Conservative premiers—they are now five and this is encouraging—expressed the view that the constitution should be reassessed. We are ready. We are ready to reassess the constitution. We feel the need to reassess provincial jurisdictions. We are among those who believe that the provinces must take part, not in a meeting with the Prime Minister of Canada about decisions which have already been taken, but to prepare records so that the final national decision be shared with the provinces. Recently we had a typical example: once again the federal government offered money to the provinces for insulation programs. But this project is an example, Mr. Speaker, of the generosity of the federal government and is in itself acceptable since the federal government is responsible for conserving energy. We are grateful to the government but as this initiative had not been studied by the provinces, there have been some hesitations.

Is it not possible to get the provinces together, to spell out the proposals and the offers of the federal government and to have all eleven governments agree on how these benefits might be shared? No, Mr. Speaker, instead the government has preferred to tell the provinces: "We have $1 billion to spend and this is how you are going to spend it." This is arrogance my friends and this is the kind of attitude which irritates the provinces. That is what makes the premiers of the provinces so negative towards such policies.

We believe that the provinces must be consulted and there must be a dialogue between the federal government and the provinces. I know that the Prime Minister is much more flexible than he used to be and he always said it, but how many members kept silent, behind him, Mr. Speaker, about the needs of Quebec or of other provinces?

Mr. Speaker, of course we have problems. We want a wonderful country just as much as our friends on the other side, but we do want to have our say, and we do not see any change in that respect. It is unthinkable, Mr. Speaker, to talk about a new and beautiful Canada if this government does not show respect towards the Canadian population, recognizing its own incompetence and failure and its need for the help and

assistance of our businessmen, unions and provincial premiers. Canada will have to pay dearly for the pride of its government. The attitude of the government and its outright failure will have terrible economic consequences on Canadians over the next decade. We can expect a hard winter, Mr. Speaker—

Mr. Roy (Laval): Ah! Ah!

Mr. La Salle: Mr. Speaker, it is interesting occasionally to hear the hon. member for Laval. They are people like us, Mr. Speaker. It was also quite interesting to hear someone before me this afternoon say that we should not be negative, that we should remain optimistic. Let us tell the dairy producers about the optimism of the Liberal government. Right now, the government does not obey its own legislation, it is spurning his own agreement. It refuses to subsidize thousands of producers. They have no incentive left.

I know that some hon. members are very disappointed with the policy and attitude of this government. One of them told me so personally. Although it is a professional secret he had the guts to admit it to me. But the government breaks its own law!

Mr. Olivier: You have been talking for over 40 minutes!

Mr. La Salle: I have been given the floor.

Mr. Olivier: You abuse that privilege!

Mr. Pinard: It is the last time you will get it!

Mr. La Salle: I know that I will have the opportunity to address the House again but when my colleague opposite speaks before this House it will be for the first time.

Mr. Pinard: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Turner): The Parliamentary Secretary to the President of the Privy Council is rising on a point of order.

Mr. Pinard: Mr. Speaker, I only wish to mention that we on this side of the House had the courtesy to let the hon. member exceed his normal 30 minutes' time. But the hon. member knows very well that many other members in this House wish to take part in this debate on the Address in Reply to the Speech from the Throne. So, I am asking him not to abuse the privilege hon. members have extended to him, and to be reasonable if he wishes in the future to avail himself of the generosity of this side of the House.

● (2032)

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I would suggest to the hon. parliamentary secretary that is not a point of order. The House extended the time of the hon. member so he is entitled to continue.

[*Translation*]

Mr. La Salle: Mr. Speaker, I welcome the invitation which, unlike his leader, the hon. member graciously and unpretentiously extended. I am going to show my good faith and allow my hon. friends opposite to criticize their own government as much as it deserves, and if I were sure that they would, I would stop talking right now. I do not wish to deprive of their time hon. members who may have a lot to say, so I will merely state that I hope we all realize how important it is to find solutions.

If the opposition were asked to contribute positive steps conducive to solutions, our party would not refuse its cooperation but if our cooperation means we are expected to help this government remain in office, the answer is a definite "no" and I hope, Mr. Speaker, that the Canadian people will not fail to vote this government out as soon as possible to make room for a new administration.

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, first of all, I would like to straighten the facts which were so twisted by the hon. member for Joliette (Mr. La Salle).

For instance, when he says that the Prime Minister (Mr. Trudeau) refuses a third option for Canada, the hon. member for Joliette knows that he is not telling the truth since the Prime Minister has never said that in his speech to this House. On the contrary, he did say that he rejects the option of sovereignty association but not a third option.

To start with, Mr. Speaker, if hon. members would permit me I would like to express my respect and admiration for our graceful Queen Elizabeth II on the occasion of her Silver Jubilee, and to convey to Her Majesty as well as to His Royal Highness the Duke of Edinburgh, my appreciation for their presence which greatly enhanced the brilliance of these celebrations in Canada.

I also wish to congratulate the movers of the Address in Reply to the Speech from the Throne, my hon. colleagues from Louis-Hébert and Malpeque (Messrs. Dawson and Wood) for the admirable way in which they discharged their duties.

Mr. Speaker, to some people who are usually found in the opposition, the speech delivered by Her Majesty at the opening of this session offers nothing or next to nothing which might relieve the hardships which Canada is now experiencing. For anyone however who takes the trouble to carefully reread that important document, for instance if the hon. member for Joliette had bothered to read carefully the Speech from the Throne, we would not have had to listen, this afternoon before dinner and since eight o'clock, to the poppycock he has so generously delivered to this House. Any person who reads that speech carefully, Mr. Speaker, will see a large number of measures which prove how serious the government's intents are to alleviate, if not completely resolve our economic problems and one must admit, whatever the hon. member for Joliette may think and say, that since last November 15, with the coming to power in the province of Quebec of the PQ government which is determined to break up this country.

The most important measures of the legislative program mentioned in the Speech from the Throne and on which I would like to briefly comment in the time allotted to me under our rules are as follows: Those dealing with economic development, particularly in areas where unemployment is at the highest level, the overhauling of our national transportation system and the issue of Canadian unity.

As far as the economy is concerned, the measures presented to us in the Speech from the Throne and which become clearer as ministers take part in this debate and as this session unfolds, if implemented without too much delay and used wisely by manufacturers and Canadians at large to their advantage in the same spirit that motivated those who drafted them, namely the government, these measures alone, I repeat, should make our national economy healthy again as it has been especially since the last world war.

As representative of an area quite remote from large centres of the country with a relatively small population, I can say that its economic development has not kept pace with that of more favoured areas of this country. Our geographical location still offers a climate which is similar to that of many other more prosperous places in Quebec and in other Canadian provinces. It also has access to the St. Lawrence River, the cheapest means of transportation available and its scenic sites attract thousands of tourists every year. Furthermore its manpower, if given a chance, is characterized by its adaptability to all modern technological changes. Our geographical location as we have always been told is the major handicap to our economic take-off.

Our main natural resources are forest products, fisheries, agriculture, tourism and for the past few years, mining. These are, Mr. Speaker, the five economic sectors from which all the people in my riding directly or indirectly live off. Some commendable efforts have been made in the past few years—this must frankly be admitted, in spite of the objections of my colleague from Joliette—by successive Liberal governments in Ottawa and since the beginning of the 1960's to strengthen the economy of our area including my constituency of Bonaventure-Îles-de-la-Madeleine.

For example, in the forestry field, to the important sawmills of the Madawaska Corporation Limited, now the Lacroix Lumber Limited of Carleton, Nouvelle and Causapscal has been added a new pulp and paper mill in New Richmond and this through the policies initiated by the Pearson government, in the form of a tax allowance under regional development to create employment. Let us also point out the policy of land consolidation, more generous subsidies to milk producers, the increased development of tourism, the adequate development of fishing ports at designated places, subsidies for the establishment of various small plants or the improvement of existing ones, subsidies to fishermen and fish producers, increased activity in construction and establishment in our area of the sacrosanct Housing and Mortgage Corporation which up to 1962 was almost totally unknown to us, federal contribution to the improvement of our highway system within the federal-provincial program for the development of Eastern Quebec and special programs for the creation of jobs: LIP, Canada Works, now Opportunities for Youth Program, manpower mobility program, on-the-job training program, etc.

● (2042)

But since our regional economy had been lagging so far behind, much remains to be done to bring it up to standards. Our people, specially our youths, are leaving gradually for lack of adequate jobs. We must try and free them from their ever present concerns over the spectre of having to depend in such large numbers upon society as a whole, to rely on welfare or too often on unemployment insurance.

That is why, Mr. Speaker, the March budget made me particularly happy, because it increased by 10 per cent the investment tax credit in my area so as to reflect the government's determination to support industrial development and create jobs. I am even happier now since the government announced in the Speech from the Throne that tax reductions will be reinforced to stimulate our economy. I feel the Minister of Industry, Trade and Commerce (Mr. Horner) and his colleague the Minister of Regional Economic Expansion (Mr. Lessard) should concentrate their efforts on ways to promote greater productivity, to encourage our small and average businesses through fiscal measures and credit facilities more in keeping with their ability to pay and with conditions more acceptable and more suitable to their type of business.

For instance, we should not penalize the borrower who would reimburse the government or the Federal Business Development Bank before the expiry date. The state should not act as a banker or a money lender to gain benefits or make money. If a businessman or a merchant who borrowed from the Federal Business Development Bank or from some other federal agency is so successful in his business because of that government policy which enables him to repay ahead of time, so much the better for him. This would free funds from which a larger number of small businesses might benefit. Let us relieve them from the petty annoyances of stacks and stacks of paper work such as countless and complicated daily, weekly, monthly, yearly reports and so on.

One businessman in the Magdalen Islands told me recently that one of his employees works only one hour a week for him, spending the rest of her time working for the state to file weekly reports which must be made according to federal or provincial legislation. The individual, the small businessman is therefore an asset to the state, for he must hire and pay an employee to fill in the reports which should be done by a civil servant of the state. The only hour during which that employee who is paid by her employer actually works for him is when she prepares the payroll at the end of the week.

The Speech from the Throne gives us an idea of the government's optimism concerning the benefits which Canada should gain from the multilateral trade negotiations which are taking place in Geneva. I sincerely believe that the future will prove it right. For it is imperative, Mr. Speaker, if we want to keep our traditional industries which generate a great many jobs, such as the textile and shoe industries, industries which

are already facing great difficulties, that special efforts be made to make them more competitive than they really are just now. In this respect, my own province of Quebec is seriously affected. The pulp and paper industry is facing enormous difficulties and the province of Quebec, in view of the extent of its forest, is again greatly affected. Under the present conditions, the competition of the United States, which depends on various factors, is almost impossible to meet, partly because of their advanced technology, a climate which is more conducive to a quicker growth, and the cost of rail transportation which is notably too high in Canada.

It is consequential then that I should deal with transportation in Canada and particularly in my area. I could say the same about the whole of Eastern Canada, since the Speech from the Throne indicates without any of the details which will become known later on that several measures will be introduced during this session with a view to improving our national transportation system. I must say, Mr. Speaker, that it will not be too soon nor will it be a luxury! Members of the House of Commons have heard me plead rather regularly and often with the Minister of Transport (Mr. Lang) or the Minister of Regional Economic Expansion (Mr. Lessard) to improve rail, air, sea and even road transportation in Eastern Canada so that I do not have to remind you that everything is not working smoothly in that area, particularly in my area.

As far as air transportation is concerned, not to mention the Magdalen Islands or other places, improvements have been required for more than ten years and they are long in being brought about. This means of transportation is so to speak almost non existent on a regular basis in Bonaventure. It seems however that the problem, as far as the Magdalen Islands are concerned, is about to come to a happy ending. I shall therefore refrain from dwelling further on the matter, reserving my comments for some later date, if need be. But, in the part of my riding located on the mainland, the situation is a disaster. Though the Minister of Transport and his officials are aware that there is at Bonaventure a landing strip of some 6,000 feet completely paved and lighted, with possibilities for an extension if warranted, there are hesitations, delays, regrettably, I would even say tragically, about the Gaspé airport as a regional airport, while the DOT experts have said repeatedly that it is impossible to equip it with air traffic instruments (ILS) because of the neighbouring mountains.

Improvements to the islands' airport have been delayed by the difficulties encountered at Gaspé, because, in addition, Québecair demands the simultaneous development of those two airports. By virtue of what authority are those views now being imposed upon the DOT? The Bonaventure airport, which belongs to the Quebec government, it is true, lends itself magnificently to the improvements that would make of it an all-weather airport where aircraft of all sizes and power could land without any problem. All the government need do is to start negotiations with the authorities of the province of Quebec and obtain its agreement to setting up in that part of the Gaspé peninsula a regional airport from which an airline located in the Magdalen Islands could link the south-east coast of Gaspé, Bonaventure, and the islands directly to Quebec and Montreal.

That suggestion, which I have already made to the department, would take away nothing from Gaspé; it would naturally keep its existing airport which in turn could easily be linked with the regional airport at Bonaventure. That solution, Mr. Speaker, would, in the final analysis, be far more logical than that which is being suggested to us by asking the people of Bonaventure, which is located further west, and who want to go even further west, to Quebec, Montreal and elsewhere, to go board the plane at Gaspé, fly some 125, 150 or 175 miles further east, and then come back towards the west. Why, I wonder, can we not use what already exists before thinking of investing millions of dollars in relocating an airport that has already cost several million dollars?

Now, let us consider rail transportation.

● (2052)

In our area as well as in many others in this country, the railway is the most reliable and economical means of transportation and for us, in the Gaspé peninsula, it is the only means of transport we can now rely on. However, as I already said elsewhere, the negligence of the CNR in the field of passenger service, and I apologize to the man who is sitting in the Chair, a former railway employee, their failure to modernize their equipment and their passenger services, for example, has lead to such a disruption of our railway system that unfortunately the people are turning instead to the bus service which is not a very good alternative on long routes such as Gaspé-Montreal.

And now the CNR has asked the Canadian Transport Commission to abandon the passenger service, the only one we have in the Gaspé peninsula, between Matapédia and Gaspé. I had the opportunity to state my objections before the Transport Commission which held public hearings in Gaspé recently, particularly in my constituency, on my behalf and on behalf of my constituents, at this request of the CNR, and to make a number of suggestions. Therefore I shall not repeat the arguments I put forward on that occasion. I shall simply ask the Minister of Transport (Mr. Lang) and the government to categorically and unequivocally turn down that irresponsible and, moreover, unfair request of the CNR.

Our railway companies anxious as they are to make a profit, and to that end to get rid of passenger service, in my opinion and in that of several of my voters and several Canadians, are charging excessive rates, which places our industrialists and businessmen and the products they manufacture in an unfavourable situation in relation to their U.S. competitors, for example. A good example is that of pulp and paper mills which are not only unable to compete in terms of labour costs but are also at a disadvantage with regard to transportation costs. I hope that among the many measures proposed in the Speech from the Throne and aimed at improving Canada's national transportation system, there will be some to correct those anomalies.

I also want to take this opportunity to say that I am dead set against the policy of the Minister of Transport, not the depart-

ment's, but of the minister who wants the user, in this area of transportation, to pay for the services he obtains, as if he did not, through taxes or transportation rates between Montreal and the Magdalen Islands. Such a policy is perhaps fine for the director of a private company, but when it comes to Crown corporations in a country as vast as ours where transportation costs among other things greatly affect the cost of our manufactured products, and thus the competitiveness of our products on foreign markets, it is not realistic to want to implement such a policy in Canada. Our remote areas will never be able to survive and prosper.

The people in this country are ready to pay for these services and they are already paying a good price, but to add to their burden would be to condemn them to perpetual stagnation. That is why they are prepared to pay directly, but they ask all better off Canadians to help them through the tax system, as has been the case and as is still the case today. If the minister persists in implementing that policy, ferry, air and railway transportation, and consequently the whole economy of our areas, of my area in particular, instead of making progress will decline, including all sectors—forestry, agriculture, fisheries, mining, tourism, and so on.

The measures proposed in the Speech from the Throne, if they are implemented immediately and with good judgment, understanding and consideration for remote areas, will restore the confidence that one can feel is at least shaky in the whole Canadian economic area. But one important factor also that does not help the present Canadian climate is the situation that was created in Canada by the advent in Quebec, on November 15, 1976, of a Parti Québécois government whose avowed objective, I repeat, is the separation of Quebec from the rest of the Canadian Confederation.

Even though we may be deluded or even taken in by the PQ ministers telling us that Quebec has lost nothing from an economic point of view since this event and that, according to the Minister of Industry, inquiries from interested investors are more numerous than ever in Quebec, we cannot be so sure when we talk to businessmen and industrialists. Their response indicates the opposite. These are simply attempts by the Parti Québécois to appease the business community and the people of Quebec and to have them forget the cruel facts while the PQ government is busy introducing a whole series of measures for this campaign on the famous referendum, campaign which began on November 15, 1976. Whether we want it or not, whether we shut our eyes or keep them open, the situation in Quebec is reflected everywhere in Canada and in the edginess of foreign investors who would like to come here to improve their Canadian businesses.

What happened in Quebec last November may have been called an accident by some people, but I believe that it would not be realistic or even honest for any Canadian who knows the history of his country or has ever read it to forget that the problem facing our two founding races, French and English, did not start on November 15, 1976. It has existed since Confederation. However, it has become more acute at various stages of our history with the coming into the political arena of French Canadians, great politicians, leaders inspired by a nationalism which is very healthy and necessary for the survival of the French element, not only in Quebec, but throughout Canada.

Mr. Speaker, I came to parliament as member for Bonaventure at the time when bombs were being placed in mailboxes in Montreal and under monuments in Quebec city, and so on. I for one have stated again and again to people all across Canada during the centennial year that what Quebec really wanted, was not to be given a special treatment, but to gain recognition of the identity, the language and the culture, of its French majority.

If since Confederation and in the course of these various difficult moments of our country's history all our English-speaking compatriots had shown more good will towards and less contempt for those "Catholic French Canadians, those French Canadian Pea Soups", outside as well as within Quebec, if they had understood as fortunately they seem to be doing today, our situation, we would not have had to use for so many years, and now in particular, we would not have had to use and waste our energy, our talent, our time and our money in the difficult economic situation we now know, discussing linguistic questions and constitutional changes. Mr. Speaker, I believe that all federal governments since 1962 have made fantastic efforts which no previous governments had ever made to give Francophones equality in their relations with federal institutions. When one considers the fierce opposition which all measures proposed in that area have met with in this the last half of the 20th century, in 1970-77, in some English-speaking areas, while the unity of our country was at stake, we should not, Mr. Speaker, be overly surprised with what happened in Quebec.

Was November 15, 1976, really necessary to finally get our compatriots or some of our English-speaking compatriots to see the light? What price, Mr. Speaker? I suggest it could have been avoided. But it seems that for some bold ones, you must be near catastrophe before starting to react in the face of danger. Let us still thank providence for even this late conversion of our compatriots or of some of them, and that conversion lets us foresee with confidence a solution to this problem which unfortunately has always divided us.

Quebeckers are federalists, Mr. Speaker. The Quebec people do not want to be isolated on this immense continent. They want to remain Canadians but they want to be full fledged citizens, respected everywhere in Canada, just as they have themselves always respected other Canadians. They want to take part in the great decisions which will affect their daily lives, their own and their children's future. They along with their countrymen want to keep developing this vast country so well endowed with natural wealth, and a great variety of regions which they and other Canadians are so proud and other nations so envious of. They are proud of their peaceful and free homeland which has been built thanks to the sacrifice and hard work of their fathers and ancestors.

To conclude, Mr. Speaker, I would like to quote a remarkable paragraph from her Majesty's Speech from the Throne:

Few countries are as blessed as Canada, where a wealth of freedom and of this world's goods is apparent for all to see. Perhaps only those who have come here from less fortunate lands can appreciate to the full the great good fortune of living in a country so favored by nature, and so enriched by its cultural diversity.

● (2102)

[*English*]

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I suppose that many people in the galleries and many people outside watching cablevision are wondering how all this magnificence came about—the two cameras on either side of me, the two cameras at the ends, and your own seat pushed back, Sir. I will just give them one clue and then the knowing people can write in and receive some sort of a prize.

Last year there was one member of parliament who presented a motion to the House and suggested that the proceedings of this august Chamber be presented on television. The motion was debated and, lo, it has come to pass. I don't want to identify the member, but I just want to recall to people that in the same parliament as that motion was presented, television came to the House of Commons.

An hon. Member: It was the hon. member for Halifax (Mr. Stanfield).

Mr. McCleave: No, it was not the hon. member for Halifax. It was the hon. member for Halifax-East Hants (Mr. McCleave).

Some hon. Members: Hear, hear!

Mr. McCleave: May I begin in the traditional way? I should like to congratulate the hon. gentlemen who moved and seconded the Address in Reply to Her Majesty's Speech from the Throne. I do not think there is anything I can say about their contributions except to sum them up in one word—and that word is "envy". I thought they did extraordinarily well. In all the years I have been here I never cease to marvel about the members who come into this House and, for the first time, are chosen to address a group of people who, by and large, are strangers, and make some sense out of what they do and put feeling and passion into their expressions of belief in being a Canadian. It was just a thrill for me to listen to those men doing that. They achieved at the very top level of this special craft.

While I am on this congratulatory kick I look toward Your Honour as you preside over our proceedings, the member of parliament for London East (Mr. Turner), a long-time friend and the Deputy Chairman of Committees of the Whole. And I think of your assistant, the hon. member for Glengarry-Prescott-Russell (Mr. Ethier), and I wish you both well in the duties you carry out. This is a pre-election session and life is not always going to be easy for you; you will not always be looking down and seeing some mild fellow from Halifax-East Hants addressing you. You will be seeing some angry natives around here some night, probably late at night, making your life a little more difficult. In any event, whatever happens this session, we esteem you and we esteem your own particular deputy in the House and know that you will serve us well.

Some hon. Members: Hear, hear!

Mr. McCleave: Now, Mr. Speaker, television is here and we are all caught in this amazing age. People are showing up. They not only wear shoes, they also wear blue shirts and have this sort of tie and that sort of coat and everybody is getting their hair cut and people ask you where you are on television. My reply is that when the camera which is down behind the government's side fires it shoots over the head of the hon. Prime Minister (Mr. Trudeau) and through the head of the right hon. member for Prince Albert (Mr. Diefenbaker), and then it turns to somebody whose head is twisted out to the left. That's my camera, and that is where I sit in this Chamber.

Well, we all have to go back to school to learn how best to deal with this particular medium. I should say television here is long overdue. I would say that radio broadcasting of the House of Commons was more than long overdue. It should have been here since the late 1940's because our sound system all along has been good enough, to my understanding, to provide that sort of service. And Canadians should know what the House is all about. They should know that sometimes when the Prime Minister is speaking the benches are almost empty, and that when I show up there are immediately about 200 people who wish to crowd in to hear me.

Some hon. Members: Oh!

Mr. McCleave: There is the lone figure who sits up there from *Canadian Press* to hear me. I am sorry, there are two lone figures now. They are not always alone; there are a great many other people there during question period. I think that the cameras should be allowed to move about the Chamber though I realize that we are under ground rules and perhaps on strict behaviour for this particular week—and I do not see anything wrong with that either, at least until I am finished speaking.

An hon. Member: Oh, oh!

Mr. McCleave: But we should be portraying more the nature of ourselves as an institution instead of the nature of what people try to pretend we are, whether we ourselves, going on the hustings, or the reporters in the press gallery who are so quick to have second opinions about us. In any event, the television age is here and we all have to live with it. We have to make a presentation of our handling of the public affairs of this nation we call Canada as best we can and I know that every last one of us, when we go home for this weekend with the whole bloom of the week upon us will learn very much from our constituents.

I want to touch on three or four topics tonight in the time which is given to me. One of them arises out of the personal and special interest I have as a chairman of a committee in which we have to deal in a special way with the meeting of government and the public. I refer to the Statutory Instruments Committee or perhaps I should say the Regulations Committee—that would probably make more sense to those who are listening to me—dealing with the orders in council

and the proliferation of documents from ministers, departments, the cabinet and the like which do touch us all very much. The aspect I would like to talk about tonight does not deal with all that, but rather with the special case of where a person meets government through a form that has to be filled out to satisfy somebody in a government department. The forms I would like to consider tonight are two.

First of all, there are those which are being presented by the Public Service Commission of Canada to those who are graduating from higher institutions of learning. These are called post-secondary recruitment programs and I have such a form here. By and large I consider it a fair form, with one exception. When one is asked to go into such detail as one's academic achievements or what one has gone through by way of academic studies, notation 17 on this particular form not only asks you for your course number and title, but for the total number of hours per course, the number of credits, the length of the course, and whether it is a half course or a full course.

● (2112)

It seems to me that for someone who has gone through four years of university, for example, to be asked to retrace one's steps through that particular process and try to recall to the exact hour or half hour how much one has done, is going a little too far. These are young people. They may have been gifted when they went through their academic career and that part may have been duck soup to them. They made good marks, met every whim of their professor and wrote brilliant exams. Then suddenly they are thrust into that miserable old thing called the workaday world and perhaps another equally miserable thing known as an employer, one such being the Public Service Commission of Canada.

It strikes me we may be a society which depends too much on forms. You can take a person's social insurance number, take all sorts of other details from them and then give them a mark, A, B, C, or D, and punch it through a computer, but not necessarily come up with anything very meaningful. An absolute dunce might be able to answer these questions completely satisfactorily and be rated very highly, whereas a natural genius might not. I am not sure that Albert Einstein himself in his palmy days would have succeeded too well with this particular form. For one thing he was too diffident, but it is the Albert Einstein that we would like to get rather than some other type.

In any event, I think what is lacking here is a humanistic approach. It is not a question of how well one can fill in a form; it is a question of meeting with a prospective employer, talking with that person and outfolding one's personality in that way. I hope the Public Service Commission of Canada and my old friend, Mr. Edgar Gallant, who is the chairman and the only person in Canada whom I have heard speak English with an Oxford accent and French with a Parisian accent—hon. members can gather how gifted he is—will take these words of mine to heart.

On page 1 I am really surprised to see about one sixteenth of the page—a heck of a lot of space anyway—to decide this momentous question: "D. Sex (for statistical purposes); Sexe (pour fins de stastiques)". Then there is a space for masculine or feminine, male or female. They give you all that space to make up your mind. I would have thought that about one tenth of the space provided would have sufficed and that the rest of the space might have been used to deal with one's other extraordinary abilities.

Another form I looked at—I searched for it today but it was lost among the other forms in my office—is one dealing with requests for financial assistance from the Department of Fisheries. I hope my hon. friend, the Minister of Fisheries and the Environment (Mr. LeBlanc), will look at those forms and that the opposition fisheries critic will nod his head in agreement. He does, but he has not heard my question. That is comradeship and partnership.

What bugs me about the forms that you fill in for the Department of Fisheries is that you almost need a chartered accountant to assist you. Many of these people were not educated beyond the Grade 5 or 6 level. Good fishermen they are; statisticians and fillers-in of forms they are not. I suspect a large number of them miss thousands and thousands of dollars a year to which they are entitled under government programs simply became they do not have the patience or understanding to fill in those particular forms. Since I do not have the form in question here this evening, and I really cannot make my case without it, what I will do is guarantee that I will send the minister a letter containing my views.

I now turn to a national issue, but not one which is going to put any of my colleagues on either side of the House in trepidation in regard to their own brilliant positions as ministers or members of the opposition. What I want to talk about is the need, in my opinion, for a very important program to be carried on for those who are inmates in Canadian penitentiaries. I refer to a legal aid program. These people may be entitled to ask for legal advice and receive it with the state giving them some kind of help.

The reason I raise this matter is that there has been all kinds of correspondence back and forth on this matter between the Minister of Justice (Mr. Basford), the Solicitor General (Mr. Fox), the chairman of the justice and legal affairs committee, the hon. member for Windsor-Walkerville (Mr. MacGuigan), and others, but somehow the message has not been as strong as it should be.

In my own area of the world, Atlantic Canada, a survey was conducted by the law and social problems class at Dalhousie Law School in 1972. This survey asked inmates of the penitentiaries at Dorchester, New Brunswick and Springhill, Nova Scotia, to identify the legal problems they experienced and how best their needs could be met. Of all the inmates they checked with, some 56.5 per cent had met some legal problem since they entered the penitentiary. But more important than that, 95.7 per cent had no financial means with which they could pay for the services of a lawyer. Their problems were in the area of family law, criminal law, and correctional law. The correctional law referred mainly to debtor-creditor relations or

problems. The survey also showed they had rather a hard time in reaching a lawyer.

There is one law firm of which Miss Deborah Gass is a member, called "Penitentiary Legal Services", established in Sackville, New Brunswick. I asked her if they did not get help from the spending estimates which were presented in February by the federal government, would that program be down the drain? At least the people engaged in the program would have to scratch around and do most of their work on other aspects of the law where they had clients who could pay, and then hope that they would be able to give some service to penitentiary inmates. When I asked her what it was she wanted, she wrote this to me:

> What we suggest is that we be contracted to the federal government or the federal and provincial governments under a cost-share agreement similar to that under which provincial legal aid schemes operate. Services to the institutions is a full-time job and is somewhat specialized, in that most lawyers have little if any familiarity with correctional law.

As a lawyer, I would say "Guilty, Miss Gass; you have described me exactly and, I am sure, most of us in the House of Commons". But while we do not have that familiarity, at least our hearts can be in the right place.

Anyway, she took her case to me and to others and had a meeting with the Minister of Fisheries and several of his adornments on the other side, such as the hon. member for Northumberland-Miramichi (Mr. Dionne), the hon. member for Gloucester (Mr. Breau), and the member of the other place, Senator Margaret Norrie.

● (2122)

She responded positively to us by promising to look into the matter and see what could be done. Since I have put it on record, I know my friends on the other side will also add their very, very strong words.

I asked Miss Gass to do one thing before I took part in the throne speech debate and made this particular plea on behalf of legal services for those in penitentiaries. I asked her to provide me with some illustrations of what they were doing. She sent along 15 cases. I cannot refer to them all now because my time will be running out shortly, but I should like to mention as many typical cases as I can.

I will refer to seven out of the 15 illustrations which were sent to me. The first is the case of a young inmate, age 17, who has been diagnosed as mildly retarded. He was guilty of three car thefts, and the question was if that person should go to jail.

The second one was an inmate being transferred from a federal penitentiary in Dorchester to one in western Canada. He had a valuable ring which was taken from him before he left, so he said. He is trying to get the ring back.

The third one is an inmate who was severely beaten and attacked by another inmate in the prison gym during a movie. It was a fight for compensation under the Innocent Victims Crime Act, and the inmate was rewarded $1,500.

The fourth one is an inmate who had outstanding debts totalling approximately $10,000. He had no assets, and requested assistance in applying for the bankruptcy services of the federal trustee. Anybody who says that inmates are free to choose their lawyers like anybody else is wrong. They are in jail and they have no means of earning incomes. They have no money—crime does not pay after all—and then they are being asked to hire outside lawyers, which is impossible. I hope the Minister of Justice and the Solicitor General will take this to heart.

The fifth case involves an inmate's father who died suddenly and had named no beneficiary in his insurance policy. The inmate, being the legal heir, sought help to settle the estate.

The sixth case is that of an inmate's mother who wished a divorce. She was on welfare and could not afford the services of a lawyer. Therefore the inmate requested legal assistance for his mother.

The seventh case is that of an inmate who sold his truck but was still owed $110 on it. That might not seem like much to anyone here tonight, but to that person it meant that it was the end of the world. He attempted to contact the debtor on several occasions but received no reply. However, the legal services group sent a letter to the debtor and the debt was acknowledged after a little bit of a fight. A settlement of $55 was negotiated, so the inmate was ahead by that much. The foregoing are some samples of what these people are up against.

If anyone in this Chamber tried to establish a successful law practice with those types of cases, I am sure he would be reduced to living on the parish as well. These people have very human problems. It is a matter of rehabilitating them and returning them to society as useful people. I hope their pleas to myself and others succeed.

In order to follow this up a little bit more, since I promised to spend a larger part of my speech on this subject than any other topic, I would suggest through Your Honour to the Bars of Nova Scotia and New Brunswick that being a lawyer is not easy because of the fees and insurance which have to be paid. Someone located in Sackville, New Brunswick, or across the border in Amherst, Nova Scotia, who primarily services the inmates of penitentiaries and other federal institutions, will not come home with any real harvest even if he has received help from the federal treasury. I hope the Bars of those two provinces, which have been very, very co-operative so far, would recognize that there should be some special type of law firm established in that isthmus between New Brunswick and Nova Scotia. I am not saying that one has to be a member of the Nova Scotia Bar and not a member of the New Brunswick Bar. The hon. member for Gloucester is nodding his head. I am sure he understands what I am getting at. There must be allowances made for the special circumstances these hot, store-front lawyers are going into when they try to help people.

The name of our particular game in this parliament is jobs. How well we do that and how well we come through the current hardships afflicting the country will make or break a lot of hon. members in this Chamber. I do not think the public expect miracles from us, but they do expect an effort from us. My own philosophy is that I do not believe we can spend our

way to prosperity. We have tried that, and we are approximately $8 billion in the hole this year.

Mr. Crouse: It is $9.2 billion.

Mr. McCleave: The hon. member for South Shore (Mr. Crouse) is referring to $9.2 billion. Because he is more knowledgeable about those figures than I am, he is probably correct. This is a substantial cry from the approximate $7 billion forecast with which we started this fiscal year. We thought the country would go in the hole by that amount. We have proven to ourselves that we cannot spend our way to prosperity. Therefore, whatever initiatives are left to the Minister of Finance (Mr. Chrétien)—God knows I feel for the man and I will feel for his successor as well—they will be restricted and will depend on imagination, effort, and some old and ancient concepts which are being rediscovered, such as incentives, good hard elbow grease, and "let the state stay away, we will try to solve it on our own."

The only areas where federal spending can work are areas where federal spending has an obligation to work. For example, we have an obligation to the Department of National Defence. Ships, tanks, airplanes and various other things have to be built. They can be built in certain areas which have shipyards, aircraft plants, or the tank plants. One could use those to buttress the employment there. These things have to be bought. Heaven only knows the requirements of the navy have been put off for a long period of time. Sooner or later the government has to face the fact that these things have to be bought.

There is an absolute necessity for the government to create incentives and to take special tax measures. We will have an opportunity when the Bank Act comes up to see what we can do for small business, and that is important. We will not lose our shirts if we try to devise measures in this parliament which will help the tens of thousands of small businesses across this country to create more jobs.

I should like to refer to an article which appeared in the October 17, 1977, edition of the London *Free Press*, which reads as follows:

> One intriguing new idea has been the proposal by the Canadian Federation of Independent Business that special tax credits be given to firms that increase their employment; it would have its greatest impact on small firms in labour-intensive business. It is these firms which suffer the most from high minimum wages and from their need to match Canada Pension Plan and unemployment deductions, and to pay other fringe benefits—and from the high cost of meeting the myriad requests of government for reports.

● (2132)

That makes an awful lot of sense to me. I should like to conclude by saying two things. One I will say now, the other I will say at a later time. There will be another debate, they always come around. They are like taxis in New York.

What I want to say is that in times of difficulty it is not only for each of us to think of answers but for each of us to provide those answers as best we can. I have not touched on the social problem that is besetting our nation—the future of Canada. I have touched on other matters and I have mentioned briefly the economic one, but if I had anything to guide me over this particular winter of difficulty, there would be two things: one would be to think Canadian, and the other would be to buy Canadian. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Herb Breau (Gloucester): Mr. Speaker, I wish first of all to congratulate the movers of the Address in Reply to the Speech from the Throne, the hon. member for Louis-Hébert (Mr. Dawson) and of course, my colleague from the Maritimes, the hon. member for Malpeque (Mr. Wood). They have both made excellent contributions to the House.

[*English*]

I might say that when the hon. member for Malpeque was describing his constituency in such a poetic way I thought for a moment that he was speaking about my constituency. In fact, many people do not realize that both my constituency and his are as similar as are other constituencies in Canada, despite the fact that they are in different provinces.

[*Translation*]

Mr. Speaker, we are now going through difficult times not only in economic but also in politic terms. For the first time in the history of this country, a provincial government wishes to bring about a complete change in the political structures of that province within the Canadian Confederation. As a member of the French-speaking minority outside Quebec, I am most concerned with this matter.

As a matter of fact, all Acadians have been very concerned with the Canadian situation for the past year or so. They are worried because in the past they have benefitted from the fact that Quebec belonged to the Confederation. It would be almost impossible and unthinkable for us, the Acadians who are living in the Maritime provinces, to expect that Canada would make linguistic and cultural concessions to us if it were not for the province of Quebec. The fact that that province which we very much admire and have always been proud of is considering a totally new role within the Canadian Confederation is of great concern to us. Of course, the stand by the Quebec Premier, Mr. Lévesque, and his party, advocating independence or sovereignty within an economic association with the rest of Canada, simply means that Quebec considers itself as the only voice of French-speaking Canadians.

The problem of Quebec nationalism is not a new one and we are concerned that the Parti Québécois put foward such an idea because this concept of Quebec nationalism seems to mean that they will negotiate another arrangement with the other nine provinces on behalf of all French-speaking Canadians. At that time, some concessions will be necessary. Whether we think of a sovereignty-association or a renewed Federalism or any other special status, some constitutional concessions will eventually have to be made to Quebec for the sake of the French-speaking group.

Then the minorities outside Quebec could not claim anything and it would be difficult for them to get concessions as

they do today, among other things for instance to work in their own language in the federal public service or the fact that, just as Quebecers, Francophones outside Quebec have legal rights to services in their own language. All those advantages could be lost if Quebec were to quit Confederation.

Mr. Speaker, we often hear, specially from members opposite, that this government lays too much emphasis on the national unity issue, that we have more serious economic problems which need our attention. In the same breath those people claim that we have had problems over national unity ever since the present Prime Minister (Mr. Trudeau) took office. I believe they mislead themselves if they think that. For many years some regions in Canada have identified themselves on a regional basis, and that may be normal as we have a huge country and a scattered population. So we have more public administration per capita than in other countries.

Therefore regions and people give much importance to their own area; we see in the Maritimes, in the Prairies, in western Canada and in Quebec where it is demonstrated in another way. It all revolves around culture and language. But national tension in this country is nothing new and you do not know the situation if you say that the approach of this government, of this Prime Minister, which created that issue. Indeed, as I said earlier, the nationalist movement in Quebec dates from way back and as you know, Mr. Speaker, because you are from that province, that issue and that concept are not new.

Nowadays, in fact, they are simply expressed in another way, by another group, by another political party and by some people who choose another way even though they have the same idea. Mr. Speaker, I would like to talk briefly about my riding, my own area in Canada. I stated earlier that most Acadians, indeed all Acadians, are much concerned by the present situation in Canada and also by the political situation in their own province.

Acadians in New Brunswick have made tremendous progress since the sixties because they succeeded in finding allies among others, in other areas of the province, because they have been willing to accept political arrangements, structural changes, although they were not constitutional structures; they have adopted new political arrangements which gave them the opportunity to restructure their community, to improve their standard of living, but also gave them opportunities on the linguistic side, a legislation on official languages. The Official Languages Act of New Brunswick is very important to us, even though it has some weaknesses and is not perhaps as important from the administrative support point of view as Canada's Official Languages Act. But obviously Acadians, specially those who live in northeastern New Brunswick, are preoccupied by the economic situation. The issue of national unity looms larger than the economic one. We must deal with both.

Playing down the importance of the problem between the two founding peoples of Canada will get us nowhere. Indeed, the Secretary of State for External Affairs (Mr. Jamieson) made it quite clear yesterday that when tackling both problems and trying to put one ahead of the other, we are mistaken because if no solution is found to the national unity problem in Canada, the international business community outside this country will always feel some uncertainty about its future, which will affect investments here and our ability to secure markets abroad.

To revert to the economic situation in my riding, in addition to setting up national programs such as those in the social area, health insurance, unemployment insurance, sharp increase in old age pensions, and family allowances, the government has helped out low income areas. Furthermore, since 1966 the Department of Regional Economic Expansion has been involved in special agreements aimed at raising the standard of living and improving the economic structures of northeastern New Brunswick. Between 1966 and 1976 we have benefited from one of the first FRED agreements—the Fund for Rural Economic Development—which is a federal-provincial agreement designed to define certain problems by analyzing them and proposing solutions. This agreement has led to some success but also disappointment in some other cases.

It is very difficult to stimulate development in an area such as ours because as soon as you start defining a problem or identifying it, it is normal that the psychological response from the people living in the area be negative from the outset since people are likely to put the blame on governments or systems which have tolerated the kind of situation in which they have lived for so long. Consequently many hopes entertained by people of our region have been met with disappointment because, when these agreements were announced, they expected that development would be easier than it actually turned out to be. Anyway, the ten-year agreement of 1966 to 1976 has been replaced this summer by a new one signed by my colleague the Minister of Regional Economic Expansion (Mr. Lessard) and the premier of New Brunswick. It changes slightly our approach toward development compared to the former type of agreement and we hope it will contribute a great deal more to improving the economic structure of that region.

This agreement provides outlays of more than $95 million within the next five years and is intented above all to create jobs and consequently enhance industrial development. Instead of coming up with social and community development or carrying out social experiments as contained in the former agreement, the new one will have a more industrially minded outlook. It seeks to develop major industrial centres which will attract investments and consequently create jobs. Naturally this agreement must be considered within the framework of other DREE programs such as the road agreement which greatly benefits northeastern New Brunswick and which, we hope, will help in rebuilding a major segment of Highways 11, 17 and 8.

Naturally, the other federal government departments will also have to keep up their good work in the field of transportation, in the field of maritime and marine structures, because the fisheries are very important in that region, and also in many other fields. We have heard a lot lately about the problems affecting the mining sector.

There is in my riding an important mining industry, and there are several others in the area, but particularly the most important mining industry in my riding, the Brunswick Mining and Smelting, is also having difficulties because world markets are depressed. And of course, unless that situation improves, many other efforts the government will try to make through the DREE agreement will not meet with the expected success.

Anyway, we are moderately optimistic that the federal government investment will help improve the economic structure of northeastern New Brunswick to the point that our area could become a lot more self sufficient than it has been in the past. But of course, the other economically oriented departments, as I said, will also have to keep on not only planning but investing in that area. And of course, the Canadian economy will have to remain strong, the federal government will also have to carry on its efforts to redistribute wealth in this country if people in that area are really to see a considerable change.

● (2142)

[*English*]

I should like to deal briefly with the debate on the economy now being carried on. The Minister of Finance (Mr. Chrétien) made a very important statement on this.

There is high unemployment in my constituency and it is chronic in that it is bad this year and expected to be worse next year because of restraints in provincial and federal government spending, and also because investment is low. I meet more and more unemployed tradespeople now than ever before. This chronic unemployment problem is due mainly to restraints in spending and less investment by the private sector.

An important aspect of the economy of New Brunswick in the last ten or 15 years has been the construction of major projects in the energy field and some other areas, which have created a lot of economic activity and employment. Tradespeople earn high salaries and this creates an economic spinoff in the whole province, but this has not been evident in the last year and it is not expected any projects will get off the ground in the months to come.

I hope economic restraints can be lifted before too long as the Atlantic economy has suffered more than other parts of the country from their effects. I find the position of the opposition very contradictory when they speak of less intervention in the economy, less spending by government, less deficits—

Mr. Stevens: Hear, hear! Good.

Mr. Breau: I am glad the hon. member for York-Simcoe (Mr. Stevens) emphasizes what I am saying. I wish he could reconcile it with what he said last Thursday evening when he condemned the Minister of Finance for not having done anything. I should like him to explain how he expects the economy to pick up if there is not more government spending in the Atlantic provinces. His colleagues from there always bring pressure for more government spending.

In the month of September my colleagues from the Atlantic provinces and I went around the area and listened to what a lot of community leaders and business leaders had to say. The thing foremost on their minds is the improvement of economic structures, improvement in the standard of living, more investment by government, more spending and more intervention by government.

● (2152)

The Tory party is advocating less government intervention and less government spending, but let us not be fooled by that. They are advocating a system of laissez-faire whereby the private sector will determine where it wants to go. That, of course, would benefit central Canada because that is where most of the industry of this country is located. However, if we want to maintain an equal standard of living and equal opportunities, the government has to intervene in the economy and has to take money from taxpayers and spend to initiate projects and programs across the country so that people across the country can have equal opportunities for finding decent jobs.

Mr. Stevens: Mr. Speaker, I rise on a point of order. The hon. member seems anxious to hear from me again, and I wonder if he would permit a question?

Mr. Breau: Sure, go ahead.

Mr. Stevens: After nine years of this government is the hon. member truthfully happy with the unemployment level in the five eastern provinces, bearing in mind that the unemployment level in those provinces is approximately twice the unemployment level in the adjacent New England states of the United States where conservative policies have been implemented very much along the line we would like to implement them to relieve unemployment not only in the five eastern provinces but particularly in the hon. member's own province?

Mr. Breau: Mr. Speaker, that is a very interesting question by the financial critic of the Tory Party, but what he does not know is that in the last nine years in the Atlantic provinces there has been a dramatic increase.

Mr. Stevens: In unemployment.

Mr. Breau: Back in 1969 when the Department of Regional Economic Expansion was created there was an average of anywhere between 5,000 and 7,000 people per year leaving the Atlantic provinces. That situation has now been reversed, and people are coming back to the Atlantic provinces. The participation rate in the labour force in the Atlantic provinces has grown more dramatically than elsewhere in the last nine years, and it has grown a lot more than it has in the New England states.

Mr. Stevens: Mr. Speaker, on a point of order—

Mr. Breau: I do not want to be distracted by the hon. member for York-Simcoe.

Mr. Stevens: I have another question, if I may.

Mr. Deputy Speaker: It is not for the Chair to decide. The hon. member for Gloucester (Mr. Breau) has the floor.

Mr. Breau: Sure, I will answer another question.

Mr. Stevens: Thank you, Mr. Speaker, and I thank the hon. member. Does what the hon. member just said make the unemployed less unemployed?

Mr. Breau: No, Mr. Speaker. The hon. member for York-Simcoe has helped me make my point, and I am happy about that.

Despite the fact that we have a relatively good record of creating employment in Canada and in the Atlantic provinces, we need to create more, for the simple reason that many young people and more and more women are entering the labour force.

When the hon. member and his colleagues continue to downgrade the government because of higher government spending, and when they get worried about government deficits and government intervention in the economy, what they are saying is that those regions should be left alone. It was hypocritical of the hon. member to stand up last Thursday evening and condemn the Minister of Finance (Mr. Chrétien) and say that his statement would do nothing for regions of high unemployment, and then to turn around and condemn the government out of the other side of his mouth for higher spending when, in fact, if we look at the economic structure of the Atlantic provinces, that structure has always been influenced by the starting up of large government projects in the energy field and in many other fields, either provincial or federal.

What we need in the Atlantic provinces is to have spending restraints liberated, if that is the right word, and to make sure that we can get projects off the ground again. Many people get upset about deficits, justifiably, I suppose. Because the opposition is in the game of politics, it exaggerates the effects of deficits. The reason we have deficits is not that spending has gone wild; it is strictly because there has been an economic slowdown in the world and in Canada. There is less industrial activity, and therefore a smaller amount of corporate tax is being collected. Less revenue is coming in because of the economic slowdown in the western world including this country, and therefore we have a deficit.

Hon. members opposite are saying that we should slash the deficit right away and that it is terrible, because they are interested only in making political points. There are only two ways to slash deficits, either by increasing taxes or by reducing government spending drastically. If we do the latter, the five eastern provinces, and probably Manitoba, would suffer. The other regions of the country would probably be able to get by pretty well.

It is not difficult right now for the Government of Canada to manage its debt and its deficit. The latest issue of Canada Savings Bonds was sold in record time, for the simple reason that people are saving money. I say it is not so bad, at a time of economic slowdown, for the government to have some deficit financing because people will save their money, and they will be willing to buy Canada Savings Bonds. The hon. member for York Simcoe, who is an expert on banking, has never proven to me that it is difficult for the government to manage its debt. He is also an expert in deficit financing. Let us not get too nervous when the opposition exaggerates the figures. It does so because it is interested in making political points. If we intend to keep this country together and if we intend to have equal opportunities, we cannot slash the social programs we have now.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Breau: I venture to say that we cannot continue the spending restraints we have now for too long because unemployment rates in the Atlantic provinces and in some parts of Quebec will rise to a level which will be dangerous socially.

Let us not panic and think we have to slash the good social programs which have been brought in by this government, because they are just as necessary today as they were in the past.

Mr. Knowles (Winnipeg North Centre): Tell that to your ministers.

Mr. Breau: The hon. member for Winnipeg North Centre (Mr. Knowles) should not get too concerned about things he hears. He knows he has many friends on this side who will fight for those things he says which are reasonable.

Mr. Douglas (Bruce-Grey): What part is reasonable?

Mr. Breau: My colleague, the deputy whip, says the difficulty is finding the things the hon. member says which are reasonable.

• (2202)

I hope that in this session we will see a turn-around in the economy. I hope the economy will permit us to increase government spending rather than decrease it. In my area of Atlantic Canada, some parts of Quebec, Ontario and Manitoba, government spending is needed to initiate large projects that will be required. I hope we will see this turn-around and that, by the time we have the next Speech from the Throne, the economy will be in better shape.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

PUBLIC SERVICE—REQUEST THAT MINISTER INTERVENE IN CASE OF MR. SANT SINGH

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on October 20 I raised a question with the Minister of National Health and Welfare (Miss Bégin) with regard to a public servant who had been employed in that department since 1967. That public servant is Mr. Sant Singh. He was classified as an ES2 on January 1, 1970. He was and is a member of the bargaining unit represented by the Economists, Sociologists and Statisticians Association, and was covered by a collective agreement.

This question has worried me very much because of its implications for the Public Service of Canada. It is a fact that he had risen in the public service to the fifth salary rate and he had been promoted in terms of his salary in any event to the sixth salary rate. In fact he was receiving a salary at that rate.

In terms of salary, he had crossed the "barrier," as it is known in the public service. That requires approval of the deputy minister or deputy head of the department. He was then informed that, for some reason or other, the department had made a mistake and they were paying him too highly. It was not his mistake. It was a mistake of the department.

In accordance with the standard rules, he was sent for a performance assessment. It is interesting to note that this public servant had two of them. On his assessment, his superior was called, a person who knew him very well. This was his assessment, and I quote:

> I am very pleased to recommend that this Departmental Performance Assessment Committee approve the movement of Mr. Sant P. Singh beyond the barrier in the ES-2 scale of rates. Mr. Singh has been a member of my staff since February 24, 1969, and has been classified as ES-2 since January 1, 1970. I have been highly satisfied and pleased with his performance, competence, initiative, and loyalty—

The deputy minister, without interviewing the man, said he was not satisfied with that and sent him back for a second assessment. In the course of this unhappy period, the second assessment was held. Mr. Arthur Smith, his immediate supervisor, was not present on that occasion.

In the meantime, some question had been raised about the fact that Mr. Sant Singh had run in the constituency of Pontiac as a Conservative candidate against the sitting member for Pontiac (Mr. Lefebvre). His judgment was questioned by Mr. Mennie, a member of the department. In fact the evidence was that this had a great bearing on the outcome of the case.

The upshot of it is that he was not approved and he aggrieved. What did Mr. O'Shea, the grievance officer find? First, he found that none of the reports he was entitled to see under the policy of the department would be shown to him.

Second, he found as a fact that the political involvement of this public servant, with consent under the normal rules, had affected the mind of the deputy minister, and that ought not to have been the case.

Third, he found that there had been some hanky-panky in terms of the two different boards, the first assessment board

with one set of witnesses and the other with another set of witnesses. Therefore the evidence was stacked against him.

I asked the minister whether she would intervene to launch an appeal against the appeal that had been launched by the department so that they would withdraw their appeal. Her answer was of course that they do not interfere with the judicial process. All that has happened is that the appeal has been launched. There has been no hearing by the judge.

This case cries out for action by the minister as head of the department. It is her responsibility to intervene for the welfare of her public servants. She has refused to do that. I charge her with dereliction of her duty.

I hope that when the parliamentary secretary rises in his place tonight he will indicate that he has decided to enter this matter and will ask the solicitor of the department to withdraw the notice of appeal so that this public servant, who has been found to be a man of initiative, competence, loyalty, and all the other adjectives which apply to him, can be granted that to which he is entitled, according to the finding of the adjudicator.

● (2205)

This is not surmise. It is not instinct. The cause I plead on behalf of Sant Singh and of all public servants who are caught in this process of hiring and firing in the public service is based on an adjudication. There is no justification whatsoever for Mr. Sant Singh to be penalized, either for his political involvement or anything else. I think the government owes the adjudicator at least the courtesy of withdrawing this appeal, and I ask the parliamentary secretary to relieve Mr. Singh from the burden he bears as a result of the failure of his minister to look to her constitutional duties with respect to public servants.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): First of all, Mr. Speaker, I want to thank the hon. member for the way in which he has presented the case of Mr. Sant Singh. He has done so from a compassionate and humanitarian point of view, and I think he can be congratulated on his approach.

He has stated that Mr. Singh has been denied advancement because of his political beliefs and because he ran as a Progressive Conservative candidate in Pontiac during the last election.

Mr. Baker (Grenville-Carleton): The adjudicator said that.

Mr. Robinson: The minister has stated that she does not intend to interfere in any way with the process established by regulations concerning the behaviour, classification and promotion of civil servants, and it would seem that the answer given at that time might have been sufficient for the hon. member. Nevertheless, I propose to go further.

This case revolves around an interpretation of a section of the collective agreement entered into by the employee's union and his employer, the Government of Canada. The collective agreement is with the Economics, Sociology and Statistics

Group (ES) and contains a section whereby employees at levels three and five can have their pay increased, or their progression in the pay range accelerated, by progressing beyond the so-called "barrier". Progression beyond the "barrier" is based upon the work performance of the employee. A departmental assessment committee reviews the work performance of the employee and, if that performance in the judgment of the committee meets the necessary criteria, a favourable recommendation is made and forwarded to the deputy minister for approval. If the deputy minister agrees with the performance assessment committee's recommendation, the employee's pay is adjusted to the first step beyond the "barrier". Such progression in the pay range is commonly called "progression beyond the barrier".

It is very important to note, however, that progression beyond the so-called barrier is not a promotion in the sense that the employee has moved up a level in his occupational group. I believe the hon. member told us that really what had happened was that he was given an increase in pay and there was no suggestion he was going to a different level of employment. No appointment is involved; the matter is only a question of pay administration.

The departmental assessment committee which reviewed Mr. Singh's performance in early 1976 issued a report that had conflicting recommendations and contained little supporting evidence in favour of the recommendation that the employee proceed beyond the ES-5 "barrier". The report of a second committee was invalid because of a technical flaw. For these reasons, the deputy minister did not give his approval to the performance assessment committee's report. Because the deputy minister's approval is required by the collective agreement, the employee's pay could not be raised.

• (2212)

Mr. Singh presented a grievance to the department over the fact that he had not been placed above the ES-5 barrier. When this was denied, he referred the grievance to adjudication. At the hearing before the adjudicator, the grievor alleged the collective agreement had not been properly applied with respect to his pay. The employer claimed that progression beyond the ES-5 barrier requires the formal approval of the deputy minister, but because that approval has not been given, the employee cannot proceed beyond the so-called barrier in the ES-5 pay scale.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but I see he still has a long statement to make. We are operating under a very strict rule so far as time limitation is concerned and his time has expired, so I guess he will have to pass his answer directly to the hon. member.

INDUSTRY—CLOSING OF FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—GOVERNMENT ACTION

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise in connection with a question I asked the Minister of Industry, Trade and Commerce (Mr. Horner) on October 20 about a community which has been sentenced to death by Alcan Limited. This is the community of St. Lawrence, Newfoundland, where a fluorspar mine had been operating since the 1930's. Alcan announced earlier this spring that they were going to close this fluorspar mine, which is the only operating fluorspar mine in Canada.

Alcan still need fluorspar but they are now going to get their fluorspar from Mexico, where they have discovered that, as a result of cheap Mexican labour, they can import fluorspar from Mexico at less cost to themselves than operating the mine they own in St. Lawrence.

To add to the gravity of the situation, the people of St. Lawrence who have worked in the fluorspar mine have had a very tragic history. They worked for at least 30 years suffering unknowingly from radiation as a result of radon gas in the environment, emanating from the fluorspar mine. During the 1930's and 1940's they worked in the most primitive of conditions. The result was that several hundred of these people, a very high proportion of the work force, developed cancer. In the old days this cancer was said not to be related to their working conditions, and for years their widows or dependants did not receive any adequate or any workmen's compensation. This was eventually cleared up in the 1950's when a link was established between their working conditions and the cancer from which they died. In any event, there are books which have been written about this very tragic situation.

Alcan have discovered that they can now import their fluorspar from Mexico more cheaply than they can mine it in St. Lawrence, so they have decided to shut the mine and to lay-off the 400 workers employed there.

There is very little that the government of Newfoundland can do about this. The government of Newfoundland could seize their assets in Newfoundland, but they would be seizing assets which this company has already decided to abandon. The Newfoundland government therefore has no muscle to use on this group of callous employers. The government of Newfoundland is doing some studies to see whether there is an alternate mining operation which somebody else might be persuaded to take on. It is also looking to see whether a fresh fish filleting plant could be established there to provide employment. So the government of Newfoundland is doing what it can.

On July 21 it formally asked the then minister of industry, trade and commerce in a letter from the minister of intergovernmental affairs of Newfoundland whether the Canadian government would impose a tariff on the importation of fluorspar into Canada or impose quotas on fluorspar imported into Canada in order to put some pressure on Alcan to continue the operation of this mine. It was a simple request. No tariff has been imposed on fluorspar until now. It is the only way this decision might be reversed. The Government of Canada did not reply to the letter which was sent three months ago, until an answer was received on October 21 from the minister.

● (2217)

I raised a question in the House on October 20, and the present minister did not answer the real question. He indicated that the federal government is making an effort to work out an assessment of the possibility of restoring the mine in order for it to become a viable operation in the future. That is gobbledygook. That was not an answer from the Minister of Industry, Trade and Commerce (Mr. Horner) to the government of Newfoundland.

A second letter was written on October 11, 1977, and that is the letter to which the present minister is responding. The Secretary of State for External Affairs (Mr. Jamieson) has abandoned his 400 constituents. He did not put any pressure on the Minister of Industry, Trade and Commerce, nor on the Government of Canada, to impose a tariff or to impose a quota.

Are we to close down all our industries in Canada? Are we to find Chinese coolies, poor Mexican peasants or whoever, to mine ore more cheaply than we can? Are we to forget the history of the poor miners at St. Lawrence? Are we to abandon them? If there is a lay-off in Ontario, the newspapers are full of it. We have seen the coverage of the recent INCO situation. If it is in Newfoundland, out of sight and out of mind, it is forgotten. That is one of the complaints of eastern Canada. Our people are thrown in the dustbin and forgotten. Therefore I object to the Minister's answer which he gave the other day. He indicated that he would reply soon. I also object to the letter he sent down, because it is a nothing letter.

I ask the minister, through his parliamentary secretary, to have the Government of Canada take some action or explain to this House and the people of Canada what it is doing to protect these people. They have been abandoned by Alcan, which is a multinational corporation. It has no conscience, and these people were abandoned without a twinge of regret. After years of toil, hundreds of men are being deserted, as well as widows and children who are on pensions because of the previous terrible conditions that existed in the fluorspar mines.

In 1975 when I was the provincial minister of mines and energy, I visited the mines. If the mines are abandoned as they are now, they will begin to flood. If the minister does not take action soon, it will be too late. The miners are being laid off now, and the final abandonment will occur in February of 1978. That was postponed because of assistance received from the government of Newfoundland, not the Government of Canada. The minister has little time left, because they are no longer operating several of the shafts. They are starting to flood. People are being laid off now.

Action is needed. If there is no action, then surely the federal government owes an explanation to the people of St. Lawrence of why it cannot take some action to assist them. Are they to be put on the dole because Alcan can buy fluorspar from Mexico? Mexico is a country which pays much lower wages and has much more primitive working conditions than the miners now have at St. Lawrence after 50 years of effort by their union and by themselves to improve their lot.

[Mr. Crosbie.]

The minister should be made aware of the fact that his answer is most unsatisfactory. The Newfoundland minister of intergovernmental affairs gave a press conference today to outline to the people of Newfoundland the abandonment by the federal government of its responsibilities to these people. I ask the parliamentary secretary to pass on to his minister the request that some action be taken soon, or confirm the death knell.

Some hon. Members: Hear, hear!

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I would like to advise the hon. member for St. John's West (Mr. Crosbie) in reply to his recent question that the Minister of Industry, Trade and Commerce (Mr. Horner) has replied to the Honourable T. Alex Hickman, minister for intergovernmental affairs of the government of Newfoundland, regarding the proposed closure by the Aluminum Company of Canada of its fluorspar mining operations at St. Lawrence, Newfoundland, early in 1978.

I should like also to advise that the question of the imposition of a Canadian tariff on the importation of fluorspar is a matter for the consideration of the Minister of Finance (Mr. Chrétien). In that regard, my minister sent him a copy of Mr. Hickman's letter and his reply for his review.

As far as restricting the imports of fluorspar is concerned, the Export and Import Permits Act requires that certain criteria be met before an article can be included in the import control list. Since none of the criteria can be met in the case of fluorspar at the present time, it is not possible to restrict imports under present legislation.

● (2222)

The government is exploring other means of maintaining mine operations and in this connection the federal and Newfoundland governments have initiated an independent assessment of the possibility of continuing the operation with another operator. The consultant's report is expected within a month.

INDUSTRY—MINING REQUEST FOR MEASURES TO IMPROVE ECONOMIC CONDITIONS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, last Wednesday, October 19, I raised in this House a question with the Minister of Industry, Trade and Commerce (Mr. Horner) regarding the fact that Falconbridge had announced a lay-off of some 500 workers to take effect by the end of December, 1977. I also raised with the minister at that time the fact that rumours were floating around the Sudbury basin with respect to the INCO lay-offs.

The minister replied in a typical manner, that is, he gave me a non-answer to the effect that he was aware of soft markets and he was exploring possibilities of finding solutions to these problems. But as long ago as April 17, 1973, as reported on

page 3370 of *Hansard*, I raised the question with the then minister of manpower and immigration:

Has the minister obtained from International Nickel Company projected employment and production levels at this company over the next few years? If not, is it the minister's intention to ask INCO to provide his Manpower consultative services with such information?

The minister's response in 1973 was to the effect that INCO was not required by law to consult with his department, but that:

the department encourages employers to inform us as early as possible of any decisions that will cause significant employment shifts, expansions and dislocations.

Then there is this gem of a statement in the minister's letter to me, dated April 18, 1973, which reads as follows:

Departmental officers enjoy a good working relationship with INCO, as indeed with corporations in all industrial sectors.

Well, Mr. Speaker, it is with incredulity that I heard in the House last Friday, October 21, the Minister of Manpower and Immigration (Mr. Cullen) say in answer to a question from a member of the opposition, as reported on page 115 of *Hansard*:

Second, I met with two members from International Nickel who spelled out for us, the night before the announcement, the action they proposed to take.

It is fairly obvious that the government's view of a good working relationship with INCO and INCO's view of such a relationship comprise a phone call the night before a major announcement about a lay-off is made. Needless to say, this government's relationship with Falconbridge Nickel Mines is just as close as its relationship with INCO.

But INCO not only treats the government in an off-hand and cavalier fashion. It even treats its employees' representatives in an off-hand, callous, and lying fashion, because on September 23 of this year, at a meeting held among officials of the INCO, Mr. Woodley and Mr. Kramer representing the company, and Mr. Moreau, Mr. Sammut, Mr. Robinson and Mr. Ayres representing the union of workers at Port Colborne, a meeting which took place at two o'clock in the afternoon, the following question was put to the company, whether they were prepared to consider shifting the Port Colborne workers who were laid off to the Sudbury and Thompson areas. The company replied:

That is correct. We will review the job situation in each of these areas before we would offer jobs at these locations. As we get closer to January, we will have a much better feel of the situation. At present there is no problem for jobs at Thompson. It is felt that by January 30th Sudbury will be in a hiring position.

Those are responsible officials of the International Nickel Company speaking to the workers' representatives at a meeting, and these are the minutes as printed by INCO of Canada.

It is painfully obvious that the government has failed miserably not only in planning the economy of Canada but, what is even more important, in keeping on top of major corporation development plans.

● (2227)

Even as INCO announced the 3,400-man layoff in Canada and we were demonstrating our protest to that announcement this past week end, a cargo ship, the *S.S. Latija*, docked in Vancouver from Japan and was unloaded on October 21, 22, and 23. And what was unloaded? Seven hundred boxes, each containing 2,600 pounds of nickel carbonate from Japan. This material, 1,820,000 pounds of nickel carbonate, was destined for the Sheritt Gordon Refinery, Fort Saskatchewan.

What is going on, Mr. Speaker? That is the stuff we produce in the Sudbury basin. We have heard ministers say that our low interest loans to INCO's subsidiaries in the Third World countries are assisting those countries. Why are we importing nickel carbonate from Japan when we produce it ourselves? Since when has Japan joined the Third World?

Today, in meetings between INCO officials, union leaders and provincial government ministers, Dr. Smith, an INCO economist who is also on the board of directors of the company, noted that Japan has very high import tariffs on processed nickel products. They encourage import matter only. It is fairly obvious that the Japanese government places a great deal of emphasis on keeping its industry labour intensive, while we continue to operate like some banana republic.

There is no question that the government has mismanaged Canada's economy. The only immediate response is to instruct INCO and Falconbridge to accept the unions' five-point program, as well as the establishment of a government stockpile of nickel, and to rescind the layoff order at INCO and Falconbridge.

The time has also come for a special parliamentary committee to be established to investigate the metals industry in Canada, and INCO's and Falconbridge's recent layoffs and cutback announcements in particular.

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, the announced layoff of some 2,200 people at Sudbury results from depressed market conditions for nickel throughout the world. After the layoffs take effect, INCO will continue to operate most of its Ontario facilities and will employ some 15,000 people in its Ontario division.

Since early 1975 INCO has been producing more nickel in Canada than it has been able to sell in world markets, and has accumulated a very large inventory of finished nickel products. The excess production resulted in maintenance of employment at the company's Canadian facilities in anticipation of an upturn in world demand. The anticipated increase in demand has not materialized and is not expected in the near term.

A high level of inventories of nickel producers and excess output continue to exert a downward pressure on prices. In order to arrive at a better balance between supply and demand, a rate of production commensurate with consumption and a reduction of inventory are necessary.

In mid 1977 the company announced that it would reduce production at Sudbury and at Thompson by ceasing the hiring of replacements for employees leaving the company's work force.

INCO has also announced it will reduce production at its operations in Indonesia and Guatemala to levels substantially below those planned for 1978-79. These operations are based on lateritic ore bodies as distinct from the sulphide deposits which INCO mines in Canada. Nickel output from laterites is expected to become increasingly important in the longer term because the reserves are much larger than Canadian reserves and laterites can be mined by open pit methods which require less labour than the underground mining operations in Canada.

Because of the lack of demand in world markets for most metals, it should be anticipated that adjustments in production rates will occur.

While international consultations amongst producers and consumers might make a contribution toward bringing about an improvement in the market situation in the longer term, the government's immediate concern is to deal with the threatened lay off of workers in the Sudbury area. It is for this reason that the Minister of Employment and Immigration (Mr. Cullen) is meeting with the company and the union to consider implementation of the various programs under his direction.

I want to assure the hon. member that the government has the real and firm intention of going ahead with programs to help the people of Sudbury, and I do not think we can play politics with such a situation.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.31 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, October 26, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

PROPOSED COMMITTEE STUDY OF SOCIO-ECONOMIC IMPACT OF CONSTRUCTION OF NORTHERN PIPELINE—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I rise on a motion pursuant to Standing Order 43. Having regard to the government's commitment to place before the House a bill ratifying an agreement between Canada and the United States respecting the construction of the Alcan pipeline, and in light of the fact that there has been no study of any kind of the socio-economic impact of the pipeline project on the area of northeastern British Columbia, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the House issue a reference for the Standing Committee on National Resources and Public Works to study the impact of the pipeline, particularly as it relates to federal jurisdiction such as the portion of the Alaska Highway which lies in British Columbia, native affairs and questions relating to the environment.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CONFLICT OF INTEREST

RENTING OF HOUSE TO YOUTH GROUPS BY MR. FLEMMING—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of reports that Brian Flemming, the principal adviser to the Prime Minister (Mr. Trudeau) on domestic policy is renting his Halifax home for $800 per month to a youth group called Katimavik, which is wholly supported by federal funding, and in view of the fact that Mr. Flemming obtained advice from the Prime Minister personally and what was referred to as a conflict of interest group in the Prime Minister's office, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House direct the Prime Minister to make a statement on motions detailing the composition of any conflict of interest group in his office, the terms of reference of the group and the basis upon which the group and the Prime Minister concluded that Mr. Flemming had no conflict of interest in the rental of his house to Katimavik.

Mr. Speaker: The presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

SUGGESTION ALCAN RESCIND ORDER CLOSING FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I too, rise under the provisions of Standing Order 43. It concerns an announcement by the Alcan Corporation, made clear in a headline in the press concerning their profits which were up some 500 per cent, precisely at the time the Alcan Corporation is laying off hundreds of workers in the community of St. Lawrence in Newfoundland. I therefore move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House urges the government of Canada to request Alcan to rescind its closing of the fluorspar mine at St. Lawrence, Newfoundland, until alternative strategies can be worked out or face the cancellation of its tax concessions and the possibility of the imposition of higher tariffs on fluorspar imported into Canada.

Mr. Speaker: The presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ORDERS AND DECORATIONS

CONGRATULATIONS TO MRS. JUDITH RICHARD ON RECEIVING ORDER OF CANADA—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to pay tribute to all those who will receive tonight the high honour of becoming members of the Order of Canada, especially to Mrs. Judith Richard, the only House of Commons employee to receive such outstanding

distinction. I therefore move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House extend its special congratulations to Mrs. Judith Richard on her appointment as Member of the Order of Canada in recognition of her services to the country as the executive secretary of the late Réal Caouette, ex-leader of the Social Credit Party of Canada, and the great Canadian as he was known by all the members of this House.

Mr. Speaker: The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House.

[*English*]

There appears to be some difficulty with the sound system. Is the sound system functioning better now?

Some hon. Members: Yes.

[*Translation*]

Mr. Speaker: The motion presented by the hon. member for Richmond (Mr. Beaudoin) reads as follows:

[*English*]

Is it gone again? There is of course no possibility of asking for consent unless hon. members have heard the presentation of the motion. Is it working now? The hon. member for Richmond.

● (1412)

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I hope the procedure will be simpler. Pursuant to Standing Order 43, I ask for the unanimous consent of the House to pay tribute to all those who will receive tonight the high honour of becoming members of the Order of Canada, especially to Mrs. Judith Richard, the only House of Commons employee to receive such outstanding distinction. I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House extend its special congratulations to Mrs. Judith Richard on her appointment as Member of the Order of Canada, in recognition of her services to the country as the executive secretary of the late Réal Caouette, ex-leader of the Social Credit Party of Canada, and the great Canadian as he was known by all the members of this House.

[*English*]

Mr. Speaker: Order. I have in the past expressed reservations about the use of this Standing Order for the expression of congratulations because, of course, it invites repetition. However, in this case, I will put the motion. It can be accepted for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Beaudoin.]

[*Translation*]

AGRICULTURE

REQUEST FOR ADDITIONAL SUBSIDIES FOR FLUID MILK PRODUCERS—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion.

Considering the untenable situation in which fluid milk producers find themselves because the government refuses to pay subsidies agreed upon on the percentage of their production to be used in industrial milk; considering that the government thereby does not respect the agreement of last April between the Federation of Fluid Milk Producers and the Canadian Dairy Commission; and considering that this refusal is tantamount to a kind of blackmail exerted by the government against fluid milk producers, I move, seconded by the hon. member for Elgin (Mr. Wise):

That the Minister of Agriculture be urged unanimously by this House, with the hopeful support of the 60 members from Quebec on the other side, to send immediately to fluid milk producers the amounts that are legally owed to them.

[*English*]

Mr. Beatty: On a point of order, Mr. Speaker. There has been no English translation of the last two motions and it has been impossible for those of us whose mother language is English to understand the motions which are being put. I wonder whether the fault could be rectified before we proceed.

Mr. Speaker: Immediately it was evident to me there was some defect in the sound system we initiated an investigation into it. I would hope that for the time being we could carry on functioning as best we can. The motion by the hon. member for Joliette says, basically, that the Minister of Agriculture be urged by the House to notify immediately milk producers in the Province of Quebec and give them money which is rightly due to them.

The introduction of such a motion pursuant to Standing Order 43 requires unanimous consent, of course. Is there unanimous consent?

Some hon. Members: No!

* * *

TRANSPORT

REQUEST FOR INQUIRY INTO LOSS OF TRAWLER "CAPE ROYAL"—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity in accordance with the provisions of Standing Order 43. In view of the fact that the people of Newfoundland, especially those living on the south coast of the province, are very worried and concerned over whether or not adequate safety procedures are in effect for seamen and fishermen at sea along the south coast of Newfoundland and as to whether adequate coastguard facilities exist, which concern and alarm is increased by the loss of

the 132-foot sidetrawler *Cape Royal* with her crew of eight men; at some time after 6 p.m. on August 9 she left Burgeo to proceed to Marystown for ship refit and was expected to arrive in Marystown at 10.30 a.m. on August 10 but was not reported missing until mid-afternoon on Friday, August 12, some two and a half days after she left Burgeo. I ask members of the House for unanimous consent to introduce the following motion and I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House direct the Minister of Transport to proceed immediately to meet the requests of the people of the south coast of Newfoundland for the appointment of a public commission of inquiry into the loss of the sidetrawler *Cape Royal* and her eight man crew and into the adequacy or otherwise of safety procedures and regulations governing transport by sea on the south coast of Newfoundland, such inquiry to commence its work immediately and to report its recommendations as soon as humanly possible.

Mr. Speaker: Hon. members have heard the motion put forward. Unanimous consent is required before it can be considered. Is there unanimous consent?

Some hon. Members: No!

Mr. Speaker: Order. This would normally be the time at which we would begin the oral question period but I see there are still one or two members who wish to put forward motions pursuant to Standing Order 43. Unless we are satisfied that the translation sound system is functioning correctly, I propose to use a few minutes to allow them do that and then we will examine the situation at that time.

* * *

● (1417)

PERFORMING ARTS

SUGGESTED IMPLEMENTATION OF RECOMMENDATION OF COUNCIL OF FILM MAKERS—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43 to move an important motion. In view of the fact that recent bankruptcies in the Canadian film industry testify to the fact that our film makers are still facing unfair competition and are still restricted in gaining access to foreign controlled movie theatres to show Canadian films, and in view of the fact that American films earn $200 million in the Canadian box office annually and that profits continue to flow to the U.S. rather than a portion remain here to support Canadian film makers, I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That the Secretary of State (Mr. Roberts) now implement the policy recommendations presented to this House in a petition on June 16, 1976 by the Canadian Council of Film Makers.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

SOCIAL SECURITY

POSSIBILITY OF ESTABLISHING ANNUAL GUARANTEED INCOME PROGRAM—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

Considering that the Canadian economy is experiencing a full slump, that inflation is constantly eroding the purchasing power of the Canadian people, and also that a very high level of unemployment exists in the main areas of our country, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House consider immediately the possibility of setting up a universal guaranteed income program, without discrimination for the purpose of ensuring the financial security of all Canadians.

[*English*]

Mr. Speaker: Order. The sound difficulty originates in the English translation booths and technicians are in there working on it. For the moment, perhaps I can try to relate to the House the contents of the motion of the hon. member for Rimouski. I understand it is now working.

[*Translation*]

Order, please. The House has heard the hon. member's motion. Under Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

MANPOWER

LAY-OFFS AT INCO—GOVERNMENT MEASURES TO ALLEVIATE EFFECTS

Mr. Cecil Smith (Churchill): Mr. Speaker, we are only one week into the third session of the thirtieth parliament and I see that the Minister of Energy, Mines and Resources, the Minister of Industry, Trade and Commerce and the Minister of Transport are absent. My question is to a minister who is in the House, the Minister of Employment and Immigration, and it concerns the economic devastation that is occurring in my constituency and in Sudbury as a result of the INCO lay-offs. Now that both labour and management have shot down the minister's idea of "fair shares of misery", policies of work sharing, will he tell the House what further steps he has in mind to make sure our communities can stay on their feet?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, at a time when a problem such as this

exists, it seems to me inappropriate not to examine all of the avenues which might be of assistance to those who are affected by the lay-off. That is precisely why we held meetings yesterday dealing not only with the Sudbury, Ontario situation, but also that in Thompson, Manitoba. The idea was in fact not shot down. They indicated that the problem was not of a temporary nature, knew that the work-sharing program would not be applicable on a long-term basis, and therefore not too much time was spent on the work-sharing aspect.

We indicated both to management and to union the full resources which would be available. The union leadership were of a mind that we were jumping a bridge too soon, if you will. They wanted to pursue with management the avenues that might be open to head off, or at least to ameliorate, the lay-off. I think that should be encouraged in order to see what can be done on a union-management basis. In the event that that is not successful or totally successful, then I think it is incumbent upon governments at both levels to do what they can to ameliorate the situation so far as those who are laid off are concerned.

LAY-OFFS AT INCO—REQUEST THAT MINISTER ATTEND MEETING IN WINNIPEG

Mr. Cecil Smith (Churchill): Mr. Speaker, a supplementary question. It is my understanding that a minister of the cabinet was not at the meeting in Toronto. It is also my understanding that a meeting is being convened in Winnipeg on Thursday, October 27, with union representatives and INCO officials in the province of Manitoba, who I understand were not represented at the Toronto, Ontario meeting yesterday. Will the minister give this House his assurance that he will personally attend this important meeting in Winnipeg on Thursday and provide some answers for the mining industry, management and labour of this country?

● (1422)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member has to make up his mind. In one breath he complains about ministers not being present in this chamber when they are out performing other duties—

Some hon. Members: Hear, hear!

Mr. Cullen: I do not wish to be unduly critical. I know the hon. member has a concern about those in Thompson, Manitoba, as I have myself. I did not attend the meeting in Toronto yesterday. However, I was available in Toronto to my officials in the event that they needed some back-up information or some policy direction. At the same time I offered to meet with management and labour. The management people took me up on it. The union representatives had made other arrangements, other engagements, and could not meet. They undertook to discuss with my regional director general, Mr. Boyd, some of the concerns they had.

As far as Manitoba is concerned, we were in direct contact with the premier of that province and the deputy minister to indicate that we are prepared to discuss with them the same services we are prepared to make available in Sudbury. However, we do not want to usurp the roles of union and management. They want to ascertain if there are avenues which can be followed, before they give consideration to using the facilities of my particular department and the resources which are available.

Some hon. Members: Oh, oh!

Mr. Cullen: I think they should be encouraged in that. We do not need snide remarks from the New Democratic Party.

Some hon. Members: Hear, hear!

Mr. Cullen: We should be more interested in seeking solutions than the bombastic responses we have had from the NDP.

Some hon. Members: Hear, hear!

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST THAT THOMPSON, MANITOBA, BE A DESIGNATED AREA

Mr. Cecil Smith (Churchill): Mr. Speaker, my supplementary question is directed to the Minister of Regional Economic Expansion. Those workers who have been laid off can take little comfort from the fact that this government's only answer to people who are willing to work is the dole. Will the minister tell this House whether he will designate Thompson as an area eligible for DREE assistance, and in addition, when he intends to consult with the Thompson town council about projects under this problem?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, if my memory is correct—and it usually is—the area mentioned by the hon. member is already one of the designated districts of Manitoba which come under DREE subsidies. The city of Thompson, Manitoba, as a designated area in this province is entitled to assistance from my department as long as it is requested by industries willing to expand or create new branches.

With regard to other federal or DREE programs, all I can say is that we have a very substantial agreement of over $100 million for northern Manitoba within the next five years. Pursuant to this agreement which has been effective for one year now, four federal departments have been joining their efforts to further development in northern Manitoba.

RESOURCES

INQUIRY AS TO POLICY TO AVOID LAY-OFFS AT MINES IN QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, since the Minister of Energy, Mines and Resources (Mr. Gillespie) and the Minister of Industry, Trade and Commerce (Mr. Horner) are absent, I shall direct my question to the Minister of Finance.

In the light of the experience we are living in the mining industry and considering the concrete proof of the lack of a long term industrial policy, and given that, as confirmed today by the company, Noranda Mines will have to invite its employees to take a prolonged holiday during the Christmas period, which causes some concern to the mining industry in Quebec, would the minister be in a position to tell what kind of communication he had with this Quebec mining company and can he assure the House that we shall not have the kind of lay-offs we have just experienced in Ontario.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have not received any recommendation from the chairman of Noranda Mines. However, if he communicates with me, I shall be pleased to talk with him. Of course, if he is forced to invite his employees to take a long holiday at Christmas time because of the conditions on the market, I hope that this will be a very temporary situation.

● (1427)

Mr. La Salle: Mr. Speaker, I am really disappointed with the answer by the Minister of Finance who does not seem very concerned with what may soon happen in the mining industry.

Could I ask the minister whether his government intends to implement a real long term industrial policy in order to protect the mining industry? This could reassure the province of Quebec particularly in view of the experience we are now going through. Given the absence of the responsible ministers, I apologize for having to put my question to the Minister of Finance.

Mr. Chrétien: Mr. Speaker, we are looking very closely at the situation. Of course, the performance of mining products on the world markets is very weak at this time, i.e. prices are low and demand is slack.

However, perhaps the hon. member could recall that in 1972 we took steps to stabilize uranium prices, and save Canadian jobs but ever since that time the opposition has been blaming us for having acted in that area.

Mr. La Salle: Mr. Speaker, on a final supplementary.

I said I was disappointed, but once again the minister has proved, Mr. Speaker, that he does not want to do anything. Can he tell the House whether he intends or not to introduce legislation that can give Canadians the stability they lack?

Mr. Chrétien: Mr. Speaker, I have explained to the hon. member that the world situation is very complex, that ore prices are soft at this time, that demand is weak, that those are facts of life we have to learn to live with and that there is no magic solution to the problem. However, I say to the hon. member that we are watching the situation very closely and that we will do everything in our power to stabilize the situation. I urge the hon. member, when we intervene to stabilize ore prices as we did in the case of uranium, to ask his colleagues to support the position of the government instead of asking questions month after month.

* * *

[*English*]

FINANCE

PROPOSAL TO STOCKPILE NICKEL TO AVERT LAY-OFFS AT INCO—GOVERNMENT POSITION

Mr. Edward Broadbent (Oshawa-Whitby): I have a question for the Minister of Finance. The government, by its hundreds of millions of dollars of giveaways to INCO, having done all it could to ensure that the company gets the profits and the miners get the shaft—

Some hon. Members: Oh, oh!

Mr. Broadbent: —I would like to ask the Minister of Finance if he is aware that at the meeting which took place yesterday INCO said that not only will it proceed with its announced layoffs but that, quite possibly, there would be further layoffs early in 1978. I would like to ask him why the government does not take up our constructive proposal from this side of the House that the government take immediate steps to form a stockpile of nickel, having done it in the past for some seven years with uranium, in order to preserve these jobs instead of having the taxpayers continue to pay some $22 million which they will have to pay in unemployment insurance if they do not preserve the jobs?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we explored that possibility last Wednesday with the company. One of the problems is that they have stockpiled nickel for a long period of time and now they have a reserve for seven months. If we were to keep on stockpiling, we would be depressing the market even further and would be adding to the problem. We have not rejected that possibility; we have discussed it with the company, but at the present time this does not seem to be the solution to the problem.

Mr. Broadbent: Mr. Speaker, may I say with respect that I do not see the logic of the minister's argument. Our experience with uranium has made it obvious that far from depressing the price, it went up by several hundred per cent and a substantial gain was reaped from stockpiling. Is the government now seriously proposing to the company that it consider stockpiling, and if so, would the minister confirm that in unequivocal terms because I understood from the minister responsible for employment that the government has decided, now that its work-sharing proposal has been turned down, that it would just leave it to INCO and the union to look after their own situation?

● (1432)

Mr. Chrétien: Mr. Speaker, I said that we have discussed with the company the possibility of stockpiling, but this option did not seem at that time to be the proper solution.

Mr. Broadbent: Why?

Mr. Chrétien: Because it will not bring about the proper solution. However, we are still considering that.

Mr. Broadbent: Why?

Mr. Chrétien: Because I have said that they already have too many stocks in reserve. I would like to refer again to uranium. The hon. member has created the impression that uranium prices went up because we have stockpiled. That is not the reason. The reason is that uranium is a commodity—

Mr. Stevens: It is because of the illegal cartel.

Mr. Chrétien: No. The reason the price of uranium went up is that after the oil crisis uranium was an energy commodity which became more sought after in the world market. That is why the price of uranium went up, not because of stockpiling.

Mr. Broadbent: I am well aware of the complexities which cause prices to go up or down. The minister's simple-minded single cause argument that stockpiling will cause the price to go down does not make any sense at all, and I think any independent economist would agree with that. I repeat to the minister that if uranium has been stockpiled for seven years and if we have only a seven month supply on hand why is it irresponsible for the government to propose another year—a limited period of time—of stockpiling? During that period of time a longer range solution to the problems of the miners in Manitoba and Ontario could be worked out.

Mr. Chrétien: Mr. Speaker, I think the hon. member is insisting, and that is all right with me, but we have discussed the problem, and that proposal does not seem at this moment to be the solution. Perhaps that proposal would just postpone the problems for a couple of months. If it is the right way to solve the problem, we are willing to consider it, but at this time we do not consider that as the proper solution to the problem.

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[*Translation*]

SOCIAL SECURITY

REQUEST FOR REPORT ON DISCUSSIONS WITH QUEBEC MINISTER

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is for the Minister of National Health and Welfare.

Yesterday rumors seemed to hint at a possible conflict between the Minister of National Health and Welfare and the President of the Treasury Board whereby the indexation of old age security pensions and family allowances to keep up with the rising cost of living would be abolished or suspended for a determined period by the federal government. Could the minister say to the House how her talks with her counterpart are coming along, and whether the people affected will soon be reassured in that respect?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, all I can say is that as Minister of National Health and Welfare it is my duty to make sure that I always stand for the interests of Canadian families, particularly poor families, and to ensure the redistribution of incomes for all those who are entitled to it and need it, which is the position of this government.

Mr. Beaudoin: Mr. Speaker, I have a supplementary question.

The minister has not answered my question at all. I asked whether talks on a possible suspension for a time or forever of the indexation of old age pensions and family allowances to keep up with the rising cost of living were going on between her department and the Treasury Board. I would like to know whether that was discussed or is being discussed at the present time.

Miss Bégin: Mr. Speaker, I think the hon. member who has been in this House for a lot longer than I and who is a politician knows quite well that whether or not that is being discussed among government officials does not change absolutely anything to the legislation this Parliament voted, and if it is being discussed in the cabinet I am not at a liberty to tell you.

* * *

[*English*]

FINANCE

REJECTION OF TARIFF PROTECTION FOR FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—GOVERNMENT POSITION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question for the Minister of Finance. Since it now appears that the government has turned down as an option the possibility of protective tariffs on imported fluorspar in order to protect the 400 jobs at St. Lawrence, Newfoundland, and in view of the failure of the government to consult with the Newfoundland government on this very important matter, the future of the town of St. Lawrence, what steps does the government intend to take to save this single industry town and the people who are dependent on it?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not know whether the government of Newfoundland has contacted one of my colleagues, but I myself have received no communication. However, if one of the ministers of that province wants to telephone me to discuss the matter, I will be pleased to talk to him.

[*English*]

INCOME TAX

REQUEST FOR ASSURANCE TAX RETURNS REMAIN CONFIDENTIAL

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of National Revenue. I want to congratulate him on the achievement of that portfolio.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I hope the minister will be successful. Having regard, however, to what happened recently in Manitoba, I think his tenure will be very short.

My question arises out of a general feeling in all parts of this country that income tax returns are not secret within the meaning of the Income Tax Act and that there are occasions, and have been recently, of leaks to other departments. I ask the minister whether he will now give the assurance to the House and to the country that never again will there be any leaks from his department or to permit the use of leaks by other departments, to the detriment of the taxpayer.

[*Translation*]

Hon. Joseph-Phillippe Guay (Minister of National Revenue): Mr. Speaker, first I would like to thank the right hon. member for his wishes and then tell him that his predictions concerning Manitoba are not always concrete and not necessarily always true.

[*English*]

With regard to the question I would like to tell the right hon. gentleman that under section 241, in brackets (4) of the Act—

Some hon. Members: Oh, oh!

Mr. Guay (St. Boniface): I can underline it in blue, if hon. members would rather have it that way. Of course, I take into consideration the fact that the right hon. gentleman is a very prominent lawyer. However, I suggest that he look at that particular section of the Act, and possibly that will answer the question he has put to me.

Mr. Diefenbaker: Mr. Speaker, I suggest to the minister that it would take a Philadelphia lawyer to follow the peregrinations of his department and the manner in which income tax revelations made in returns have been revealed to individuals who are not legally entitled thereto, and I would like the minister again to look up section 241 in brackets subsection (4).

Some hon. Members: Hear, hear!

PUBLIC SERVICE

ALLEGATION DEPARTMENTS CIRCUMVENTING GROWTH GUIDELINES

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the President of the Treasury Board. On Monday of this week the hon. member for Hamilton West questioned the minister about the growth of the civil service, and the minister made the commitment that the growth would be held to less than one per cent. However, is the minister aware that all his cabinet colleagues are hiring additional employees through private employment agencies? For example, 16 departments have taken on an additional 4,500 employees, and the Minister of Transport spent $600,000 more in 1976 than in 1975 for hiring from private employment agencies. Are the minister's colleagues circumventing his guidelines with regard to civil service growth?

Hon. Robert K. Andras (President of the Treasury Board): No, Mr. Speaker, an unequivocal no.

Mr. McKenzie: Mr. Speaker, there seems to be another method of getting around hiring. I have figures for 29 departments and Crown corporations which show that 3700 additional people are under contract, and this cost the taxpayers an additional $130 million in 1975 and 1976. The civil service publication *Argus-Journal* has stated that the government is misleading the public on Public Service growth and gives some very devastating figures which show that contracts are on the increase. In 1973 and 1974 four departments were awarded 8351 contracts, and in 1974 and 1975 the number of contracts had increased to 73,096.

● (1442)

Mr. Andras: Mr. Speaker, I would want to examine the premise of the hon. member's question and the details he is quoting in considerably greater depth than he could describe in the question period. I repeat my answer to his previous question. There is no attempt on the part of the departments to get around this. I believe it is a wise practice on occasion to enter into short-term contracts rather than creating permanent man-years and a permanent growth of bureaucracy. I can assure the hon. member that the authorized man-year growth of the Public Service for 1977-78 will stay within the commitment made in this House. It will be less than one per cent.

Mr. McKenzie: A final supplementary question, Mr. Speaker. I should like the President of the Treasury Board to check the charges made in the October issue of the *Argus-Journal* which stated that contracting out is just a great government cover-up.

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AGRICULTURE

BEEF—REQUEST FOR DETAILS OF POSSIBLE IMPORT LAW

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I have a question for the Minister of Agriculture. The minister and his

colleague the Minister of Industry, Trade and Commerce have responded to questions in the House with respect to the proposals for a new beef import law for Canada. Can the minister tell the House if we are right to presume that the primary thrust of any new beef import law would be directed toward offshore beef so that we could preserve our access to United States markets which are of particular importance to beef producers in Saskatchewan?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I think any legislation we would bring in along the lines the hon. member suggests would be non-discriminatory.

* * *

TRADE

POSSIBILITY OF AMENDING SECTION 11 OF GATT AGREEMENT

Mr. Jack Murta (Lisgar): Mr. Speaker, my supplementary question is for the Minister of Finance. It seems that one way to get a good meat import law would be to make an amendment to Section 11 of the GATT agreement currently being negotiated in Geneva. Has the minister or the Minister of Agriculture asked the negotiators to look into this aspect of getting an amendment to Section 11 of the GATT agreement so that we may have a meaningful import law in Canada?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the question is being examined at this time. I would be very pleased to convey the representation of the hon. member to the representatives in Geneva.

SUGGESTED EMBARGO ON IMPORTATION OF NICKEL CARBONATE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is addressed to the Minister of Finance. In view of the continuing importation into Canada of nickel carbonate from Japan and Australia, which are certainly not Third World countries, in view of the fact that the latest importation involves 1,820,000 pounds of nickel carbonate last weekend destined for the Sherritt-Gordon Refinery at Fort Saskatchewan, and in view of the fact that we have nickel carbonate stored in bags coming out of our ears in Sudbury, can the minister inform the House whether, as an emergency measure, there will be an immediate embargo on the importation of any raw nickel from overseas to Sherritt-Gordon and other refineries?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will look into the question. I was not aware of this particular aspect.

[Mr. Goodale.]

MANPOWER

PROPOSED INVESTIGATION OF RELATIONSHIP OF DEPARTMENTAL OFFICIALS WITH MINING COMPANIES

Mr. John Rodriguez (Nickel Belt): A supplementary question to the Minister of Employment and Immigration. In view of information in the letter dated April 19, 1973 written to me by the former Minister of Manpower and Immigration to the effect that his departmental officials had a good working relationship with INCO and other such companies, and that it is an ongoing one, to enable them to stay on top of the situation, in view of the fact that last Friday the minister told the House he was informed of the layoff the night before the layoff, can the minister now tell the House whether there will be a parliamentary investigation into the mineral industry in Canada with particular reference to the way in which his officials have had this close working relationship and were on top of the situation, specifically with respect to INCO and Falconbridge and their actions in the last few weeks regarding the people of Thompson, Port Colborne, and Sudbury.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I do not think I am in a position to state that there will or will not be a particular committee set up to investigate that aspect of it. As the hon. member has said, I as minister and others were notified the night before of the press release. That release did not indicate that the individuals would be laid off the next day, however. It indicated that pursuant to the law they had to be given 16 weeks' notice, which was done.

Mr. Rodriguez: That is shameful.

Mr. Cullen: The hon. member says that is shameful. It is conceivable that the period should be extended and we can debate that question at another time but the company did in fact give 16 weeks' notice, Mr. Speaker.

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FINANCE

LAY-OFFS AT INCO—REQUEST FOR MINISTER'S SOLUTION TO PROBLEM

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, may I put a question to the Minister of Finance. In his answers so far today regarding the problems of International Nickel Company and its employees he has been very straightforward and positive in outlining to the House what he considers not to be the solution. Would he now be equally positive and straightforward and take the House into his confidence and let us know what he thinks may be the solutions to this very serious problem?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have been debating this question in the House for a couple of days. We are in communication with the union and the corporation to find an appropriate solution. Of course, we are very concerned about this problem. I said today that some

options are not really open but we hope to find others in the next few weeks. It is good that we have at least 14 weeks before the lay-offs become operative.

* * *

VETERANS AFFAIRS

AMENDMENT TO PROVIDE FOR WIDOWS OF VETERANS RECEIVING LESS THAN 48 PER CENT DISABILITY PENSION—GOVERNMENT POSITION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Minister of Veterans Affairs who has indicated a number of times that corrections to veterans legislation are imminent. Widows of veterans are still being discriminated against, however, as they have for many years because they are denied a pension where a veteran husband died who was in receipt of less than a 48 per cent disability pension. When is the minister going to introduce corrective amendments to the legislation?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, as the hon. member knows, the pension applies to widows of veterans who received disability pensions of 48 per cent or more. This matter is always before the government for consideration but I have no specific answer at this time.

POSSIBILITY OF INCREASE IN BASIC PENSION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, a supplementary question. Another inequity in the legislation is that the formula for the basic pension is that it shall comply with the five lowest categories in the Public Service. In view of the fact that the precedent has been set of veterans falling behind those categories of the Public Service at a rate of $536 per year, when is the minister going to correct that inequity by introducing amendments to the legislation to correct this very serious fault?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, as I have indicated in this House many times, the department has had the basic rate under consideration. I must tell the House, however, that the government has looked at this very seriously and decided not to increase the disability pension at this time but recipients will be able to enjoy the cost of living increase effective January 1 and each year thereafter. I know this is a disappointment to veterans organizations, but good Canadian citizens that they are, I am sure they will realize that this is a year of restraint and we will not be able to introduce improvements until our fiscal position improves.

FEDERAL-PROVINCIAL RELATIONS

POSSIBLE DISCUSSIONS WITH BRITISH COLUMBIA ON SOCIO-ECONOMIC IMPACT OF ALCAN PIPELINE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of State for Federal-Provincial Relations. In connection with the government's proposal to place a bill before the House respecting the construction of the Alcan pipeline, has the minister had discussions with the province of British Columbia regarding this government's responsibility in northeastern British Columbia for the socio-economic impact the pipeline will have there? I ask this in light of the millions of dollars spent studying the impact on the Territories and the Yukon and the special responsibility the federal government has in northeastern British Columbia because of the highway.

• (1452)

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, my colleagues from British Columbia have raised this issue with the cabinet. The matter is being considered very carefully at the present time. Discussions are taking place with the government of British Columbia. I suggest that the hon. member raise this question with the minister directly responsible for this project when he returns to the House.

Mr. Oberle: Is it the intention of the government to fulfil its commitment and carry out a study on its own, studying the impact on the native community in the area which is as significant as it was in the Mackenzie Valley and the Yukon and the impact the pipeline construction will have on the Alaska Highway which is entirely under federal jurisdiction. Is there going to be a study of that area?

Mr. Lalonde: Mr. Speaker, may I suggest to the hon. member that he address this question to the Minister of the Environment.

Mr. Alexander: A supplementary, Mr. Speaker.

Mr. Speaker: The hon. member for Dauphin.

Mr. Alexander: Supplementary, Mr. Speaker, or will I be next?

Some hon. Members: Hear, hear!

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GRAIN

WHEAT—REQUEST FOR CHANGE IN UTILITY GRADES

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Minister of Agriculture. In view of weather conditions in western Canada which resulted in the downgrading of wheat to three utility, and in view of the widespread dissatisfaction among growers with the spread between three red and three utility wheat and also the varying qualities put in

this grade, has the minister discussed this problem with the Board of Grain Commissioners as to the possibility of revision in grades in this area, which would be more fair and with a better price differential for the wheat. This involves many millions of dollars.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, we have discussed the problems of the low grade grains, the utility grains. The commission wants to put together the complete story on all the grains and the harvesting. According to a report I have on my desk, harvesting is practically completed in the west. A lot of grains are coming through with better grades than we had thought, and we will be in a much better position to supply the market than we thought. I am sure the hon. member is aware there is a demand in the world market for utility grain. It is too early to say whether it will be that costly, whether it will involve millions of dollars. We will be much better off as a nation because of the ability of the farmers to harvest the crop in as good a condition as it is when we consider all the elements with which we have had to contend.

Mr. Ritchie: The minister did not quite answer my question. Is he considering bringing three utility grades into one or two more grades which will be more fair and give a better price differential for all the grain put into this grade by the present grading system?

Mr. Whelan: Mr. Speaker, we are reviewing the grades.

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[*Translation*]

HOUSING

INQUIRY AS TO DISPOSAL OF $90 MILLION GIVEN TO QUEBEC FOR HOUSING

Mr. Gilles Marceau (Lapointe): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. The housing issue is of national interest and despite all efforts made by this government, several thousands of people are at grips with housing problems, particularly in my riding. In view of this fact, could the minister first of all specify what use has been made of the amount of $90 million provided to the Quebec government by the federal government in order to conclude various agreements likely to meet its citizens' needs in terms of housing? Second, what steps does the minister favour to help lower rent costs for those who want to find proper housing conditions?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, in answer to the hon. member, I can inform him that since it was announced that a part of the funds the government of Canada intended to spend in the province of Quebec for housing purposes had not been used yet, we have received a few requests from the Quebec government. It is to be hoped therefore that within a few weeks we shall be able, in co-operation with Quebec authorities, to launch a few housing projects for elderly people or low income people.

[Mr. Ritchie.]

Unfortunately, the requests we expected to receive from the Quebec government are not quite specific and numerous enough to meet all our expectations and the amounts we would be prepared to spend in Quebec may not be spent this year because of the Quebec government's carelessness.

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REGIONAL ECONOMIC EXPANSION

POSSIBILITY OF ESTABLISHING FERRO-SILICONE PLANT IN RIMOUSKI—GOVERNMENT POSITION

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. Would he be in a position to inform the House whether any progress has been made as regards the establishment of the ferro-silicone plant in Rimouski?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, unfortunately I must inform the hon. member that as far as I know there has been no development in this regard and until further notice we must be patient and wait.

[*English*]

REASON FOR REMOVAL OF PFRA OFFICE FROM LETHBRIDGE

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I will direct my question to the Minister of Regional Economic Expansion. In light of the fact that Fort Macleod is the most central location for the PFRA offices dealing with water development in the Lethbridge constituency and has been for over 30 years, and in view of the fact that Fort Macleod has ample office space, storage space, plus a large parking area for farmers and ranchers, will the minister inform the House why he is proposing a move of this office and will he assure the House that he will put an immediate stop to this ridiculous action?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I must admit I was not aware of that decision or that a recommendation had been made recently in this regard. I will check this whole matter and reply later to the hon. member.

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[*English*]

FISHERIES

SINKING OF TRAWLER "CAPE ROYAL"—REQUEST FOR PUBLIC INQUIRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in the absence of the Minister of Transport, I will direct my question to the Minister of Fisheries. The minister is familiar with the fact that on August 9 the vessel *Cape Royal* left Burgeo to go to Marystown, a 13 hour run. Two and a half days later it was discovered that this sidetrawler had sunk with all her crew.

Will the minister listen to the requests of the people of the south coast of Newfoundland and have the cabinet order a public inquiry under the Inquiries Act, or whatever statute is proper, into that sinking and into the question of whether safety regulations and procedures are adequate on the south coast for mariners, fishermen and others who travel at sea.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I hope I understood all that the hon. member was asking because there was a sound problem. The matter which he raises is very serious. In this instance, a ship which was supposed to dock, if I remember correctly, after 12 or 14 steaming hours had not reported for two and a half days. We have asked the fishing companies to improve the procedure whereby fishing vessels report. As the hon. member well knows, fishing captains are loathe to report too frequently because it can indicate their position. They are very competitive with each other. However, for safety reasons and search and rescue, it would be better if we could devise a system whereby the vessels do report to their home base or use some other system. I might say to the hon. member that in this case reporting earlier probably would not have helped since all search efforts under the competent personnel of my colleagues the Minister of National Defence and the Minister of Transport, did not find specific reasons for what happened. I am sorry to be so long but this is a very serious question. With regard to the matter of an inquiry, I will discuss it with my colleague, the Minister of Transport. Such situations are usually examined under his jurisdiction.

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POST OFFICE

PROPOSAL TO SEND REMAINING COIN SETS TO MONTREAL—GOVERNMENT POSITION

Mr. G. H. Whittaker (Okanagan Boundary): In the absence of the Postmaster General, I will direct my question to the acting minister. Is the Post Office Department concentrating on selling the remaining inventory of the Royal Canadian Mint product, coins and coin sets, at the main philatelic depot in Montreal and has a recall order been sent out to all the post offices in western Canada to return to the Winnipeg philatelic depot all of these products for furtherance to the Quebec philatelic depot?

Hon. Bud Cullen (Acting Postmaster General): Mr. Speaker, I will be happy to bring this to the attention of my colleague, the Postmaster General.

Mr. Whittaker: I have a copy of a letter which was sent to post offices in western Canada. Does the minister agree that this is discriminatory against all other parts of the country?

FOREIGN INVESTMENT

POSSIBLE ENTRY INTO CANADA OF UNITED PARCEL SERVICE

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, in the absence of the Postmaster General and the Minister of Transport, I will direct my question to the Minister of Employment and Immigration. Is the minister aware that United Parcel Service Incorporated, a giant U.S. corporation, is making every effort to expand its operations into Canada? If so, is the government aware of the effect this will have on employees of CN Express and employees of the post office? What is the government doing to prevent this American outfit coming into Canada which will result in the profits being shipped back to the United States and will create more unemployment for those in the post office and CN Express?

● (1502)

Hon. Bud Cullen (Minister of Employment and Immigration): I thank the hon. member for that question. This is a situation where the Postmaster General and the union can work in concert to provide better service and the kind of competition which would be effective in coping with those circumstances. In addition we shall, of course, be looking at other avenues which might be more effective to prevent an operation of that kind taking place.

Mr. Speaker: Order, please. Before granting the hon. member a short supplementary I would remind the House that because of the technical difficulty we had at the beginning of the question period we should extend the allotted time by another four or five minutes.

The hon. member for Cape Breton-The Sydneys.

Mr. Muir: Is the minister aware that the Foreign Investment Review Agency has stated that Canada would not benefit if UPS bought into Genobele Delivery in Ontario? Can any steps be taken by the federal government to prevent this giant corporation coming into Canada and creating more unemployment?

Mr. Cullen: One of the terms of reference of FIRA is that when they make a decision in a positive way there must be significant benefit to Canada. The hon. member has indicated that FIRA has not found that to be the case in the past and I would assume they would have to go through that particular regimen again. I do not wish to prejudge what Fira might do but the hon. member has certainly made his position clear.

* * *

SOCIAL SECURITY

EFFECT OF HOME INSULATION GRANTS ON GUARANTEED INCOME SUPPLEMENT

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is to the Minister of National Health and Welfare. I should like to ask whether home insulation grants made to senior citizens will have any effect on guaranteed income supplement ben-

efits. Will they be deducted and, if so, what are the reasons and possible alternatives?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I can assure the hon. member and the House that the grants for insulating homes will not be considered additional income or assets to old age pensioners and will therefore not interfere with the receipt of supplementary benefits.

Some hon. Members: Hear, hear!

* * *

AGRICULTURE

EFFECT OF ELIMINATING FOOD SERVICE DIVISION—GOVERNMENT POSITION

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. It relates to his press conference and the subsequent press release dated October 20 entitled, "A New Look at Agriculture Canada" which has to do with the reorganization with the hon. gentleman's department. I would ask the minister to give us some assurance that the changes described will, in fact, result in a greater flow of public information to Canadian consumers and to people in the food industry.

Hon. E. F. Whelan (Minister of Agriculture): If the hon. member has time this afternoon he will find I shall be elaborating later on that subject in the debate on the Throne Speech.

Mr. Wise: The minister's answer sounds more like an excuse than an explanation. Will he now acknowledge that what in reality is happening is that the director of the Food Services Division is no longer with his department and that he has been transferred to another department? Is it not true that the Food Systems Branch has been dissolved and that the remaining staff have been integrated throughout the department with the result that there is no longer a Food Services Division within Agriculture Canada?

Mr. Whelan: If the hon. member has read the press release and any of the articles written about it—and those I have seen have been fairly accurate—he will find they show that Agriculture Canada will be in a position to show greater leadership in the whole of the food sector than ever before. The Department of National Revenue will benefit from the presence of Dr. Hanna in that department because there will now be one person in that department who has a knowledge of agriculture; this will be of benefit to the agriculture industry as a whole, since we work with that department very often. These people are being absorbed into other branches of the department to the great advantage of those other branches, the great advantage of the farmers and of the consumers of Canada.

Some hon. Members: Hear, hear!

[Mr. Philbrook.]

INDIAN AFFAIRS

REASON FOR MOVING ARCHITECTURAL AND ENGINEERING OFFICES FROM SASKATOON

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Is his department planning a move of the architectural and engineering offices from Saskatoon to Regina and does he plan to complete this move by July, 1978? If so, why is the department concentrating in the Regina area, where there are already provincial offices, instead of fanning out all over the country in accordance with the government's decentralization plan?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): I have no knowledge of such a move. I will make further inquiries and report to the hon. member tomorrow.

Mr. Korchinski: Well, Mr. Speaker, I have knowledge of that move. While the minister is making inquiries I should like him to inquire why such a move is contemplated in view of the fact that there are only about 1,000 Indians living on reserves south of Regina and that 40 per cent of the Indians in the province live north of Prince Albert. Would it not be far better to leave the office in Saskatoon, nearer to the people who are to be served?

Mr. Milne: That seems to me to be a repetition of the first question, and the answer is the same.

* * *

AGRICULTURE

TRANSFERRAL OF SOME DEPARTMENTAL FUNCTIONS TO OTHER DEPARTMENTS—GOVERNMENT POSITION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a supplementary question for the Minister of Agriculture who has just articulated a most incredible proposal. I want to be sure he is saying what I heard him say. Is it the position of the Minister of Agriculture that the Department of Agriculture becomes more effective as more of its functions are transferred to other departments?

Some hon. Members: Oh, oh!

Hon. E. F. Whelan (Minister of Agriculture): I am sorry the Leader of the Opposition misinterpreted what I said. That is not what I said. That is not what I intended to say. I am sure the hon. member for Elgin heard what I said. If the Leader of the Opposition wishes to stay this afternoon I shall be elaborating further and telling him just what we intend to do. Agriculture Canada is the envy of the world and he will find out—

Some hon. Members: Hear, hear!

Mr. Speaker: The hon. member for Oshawa-Whitby on a question of privilege.

Mr. Broadbent: My question of privilege concerns the Prime Minister. I see he is not in the House, so I shall let it go.

* * *

Mr. Hnatyshyn: Mr. Speaker, I do not know whether I can get through this on a point of order. It does relate to my present condition, the condition of my fragile body. It is a matter which verges on a question of privilege as it affects the operation of this House.

I know that with the introduction of television into the House we shall find some unusual observations and points of order raised. The point of order which I raise is one on behalf of all hon. members. Since we have had television in the House I have received complaints from members on all sides about the level of lighting in the chamber. As far as some people are concerned the lighting has affected their eyesight and they are required to wear dark glasses. For others, the heat of the lighting is causing some discomfort, and when we go back to the lounge we find that the air conditioning is adjusted proportionately to accommodate the lighting, bringing upon us 'flu and some inconvenience. Since you are in charge of all this, Your Honour, I should like to know whether or not anything will be done.

We were told at the outset that it would be cool lighting and that members would not notice the presence of television in the House. Perhaps Your Honour would take this matter under advisement and let us know whether something can be done about the level of lighting.

Mr. Speaker: I can inform all hon. members that the reconstituted Special Committee on Television and Radio Broadcasting met yesterday. One of the subjects under extensive consideration was the level of the lighting and the temperature in the Chamber. There was anxiety on the part of all hon. members that we begin the introduction of this equipment with the resumption of the sittings of the House, which was done. This did not allow for an extensive period of trial and experimentation.

● (1512)

We are within that period now. The engineers are constantly re-examining the performance of the lighting and the requirements of the lighting, and at the same time the temperature control. Of course the temperature control is a much easier factor because the lighting may remain constant, and some additional equipment may be introduced into the system to alter the temperature. The lighting raises some more technical problems in terms of control because, in addition to experimentation each day, it will be necessary before any substantial adjustments are made that we come to a recess of the Chamber for two or three days in order to permit scaffolding to be put up to alter the lighting. There are things of that sort of an ongoing nature. However, I do want to assure all hon. members that the matter is under careful scrutiny every day.

Mr. Chrétien: On a point of order, Mr. Speaker, may I say, in view of the question of the leader of the NDP, that the Prime Minister is not here this afternoon because he went to the airport to welcome the Prime Minister of Guyana, Mr. Forbes Burnham.

* * *

PRIVILEGE

MR. CROSBIE—CLOSING OF FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—MINISTER'S REPLY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a question of privilege which relates to an answer given to a question this afternoon by the Minister of Finance (Mr. Chrétien). The Minister of Finance was asked by the hon. member for St. John's East (Mr. McGrath) whether the government is going to take action on a request which it had from the government of Newfoundland to impose a tariff on imports of fluorspar into Canada because of a decision by Alcan to close the fluorspar mine at St. Lawrence, Newfoundland. As I recall it, the minister said that he had received no such letter or request, but that he would consider it if he did receive such a letter.

That is a misstatement of fact, I believe, Mr. Speaker, inadvertent I am sure. I raised this question last night. On July 21 a letter was sent to the then minister of industry, trade and commerce, the present Minister of Finance, by the government of Newfoundland requesting that either a tariff be imposed on imported fluorspar or quotas imposed. That letter was not answered. On October 11 a follow-up letter was sent to the present Minister of Industry, Trade and Commerce (Mr. Horner).

This matter was debated last night. As reported at page 276 of yesterday's *Hansard*, the Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Loiselle), replying to me last night, said this:

> I should also like to advise that the question of the imposition of a Canadian tariff on the importation of fluorspar is a matter for the consideration of the Minister of Finance (Mr. Chrétien). In that regard, my minister sent him a copy of Mr. Hickman's letter and his reply for his review.

Therefore, Mr. Speaker, since July 21 or a few days thereafter, unless the post office has failed completely, or since October 11 in any event, this request has been before the Government of Canada. I bring this matter up because I think the minister has misstated the facts, and would he clear it up for me?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have to say to the hon. member that I did not want to mislead anybody on this. I have not been seized with the problem as yet, but I will be looking into it this afternoon. If I can provide an answer to both hon. members I will do so tomorrow or the day after.

ROUTINE PROCEEDINGS

[*English*]

LOTO CANADA

TABLING OF FIRST ANNUAL REPORT

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I wish to table, under Standing Order 41(2), the first annual report of Loto Canada, in the two official languages.

* * *

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

AMENDMENTS TO VARIOUS SECTIONS

Hon. Norman A. Cafik (Minister of State (Multiculturalism)), for the Minister of Industry, Trade and Commerce, moved for leave to introduce Bill C-7, to amend the Corporations and Labour Unions Returns Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

THE SPEECH FROM THE THRONE

[*Translation*]

The House resumed, from Tuesday, October 25, consideration of the motion of Mr. Dawson for an address to Her Majesty the Queen in reply to the speech at the opening of the session; and the amendment thereto of Mr. Malone (p. 226).

Mr. Herb Breau (Gloucester): Mr. Speaker, to conclude my remarks from last evening, I would simply suggest that for a number of people, and especially for members of French-speaking minorities outside Quebec, the most significant proposal in the Speech from the Throne, as read by Her Majesty, certainly was the government's intent to amend the BNA Act by enshrining linguistic rights in the constitution. The only language rights of sorts that have been included in the constitution since 1867 are those of the English-speaking minority in Quebec. And ever since 1971, this government's position has always been that our constitution should be amended to include language rights as well for the French-speaking minorities outside Quebec. Because since Confederation, when the existing agreement was prepared and enacted by the British Parliament, French-speaking Canadians outside Quebec have not really had an opportunity to participate in the preparation of that agreement. Therefore, Mr. Speaker, I fully support the government's intention to introduce such amendments to the Constitution. This in my view is a matter of basic justice. Francophones outside Quebec have a right to such a constitutional guarantee. In my province, there is a statute on official languages but it is only an act of legislature. To us the significance of having that written into the Constitution would be a basic thing, and I hope the government succeed in getting such a constitutional amendment.

I would repeat that this position was not taken by the federal government on November 15 last or after the enactment of Bill 101 in Quebec. Rather, it has been the position of the present Prime Minister (Mr. Trudeau) and the federal government since the Victoria Charter in 1971.

[*English*]

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, firstly I should like to compliment the mover and seconder of the Address in Reply to the Speech from the Throne. I thought they did a remarkably fine job and I would hate to put them down or let them feel dismayed by the remark which is often heard around this House, that a person's maiden speech is frequently the best speech they ever make. It would be hard to improve on the ones they made. A maiden speech is one that a person sometimes spends half their life preparing to give. I know as a fact that after I made mine I wondered where I had found those wonderful phrases which I had in that speech. I heard some of them the other day. They were very fine speeches indeed.

I should also like to pay tribute to Her Majesty who lent the throne speech a distinction and attractiveness that it had in no other respect except in its reading.

As a defence critic for the official opposition I do not get many opportunities to speak on defence, and I usually take advantage of the throne speech or the budget speech to set out the party's views about our defence forces. However, the speech given the other night by the Minister of Finance (Mr. Chrétien) appeared to be a budget speech in every regard except that it did not allow six days' debate. In every other regard it was a budget speech. He was aware of the fact that there should be six days of debate. Therefore he sneaked it into the middle of the throne speech.

● (1522)

Canada is unfortunate in that the government assumes no responsibility for reporting to the House or for reporting to Canadian people in regard to what it is doing with taxpayers' moneys, and its future plans. This is particularly the case in regard to the Department of National Defence. I can hardly recall the last speech of the Minister of National Defence (Mr. Danson) on defence. It has been at the instigation of the opposition that there have been debates or major speeches relating to defence. There was one exception to that, and that is when the hon. member for Winnipeg South (Mr. Richardson) made a statement on motions concerning the long-range patrol aircraft. That led to a lively afternoon of debate. Unfortunately this is the way it is in the Parliament of Canada governed by Trudeau liberals.

If the government is unwilling to explain what it is doing and what it proposes to do in these areas, then it is up to the opposition to force the government to explain itself. That is why I am taking this opportunity to talk about defence. The cornerstones of Canada's defence are alliances. Canada is not

very large, and there is already one Switzerland in the world. Therefore, we must have alliances or we cannot maintain neutrality. Even the New Democratic Party would agree that any country in this world today either needs to be well armed or it needs to have alliances. We are fortunate in our alliances.

I miss the NDP defence critic who was in the last parliament. He was defeated, but he seemed to have an interest in defence. At the present time that party has alternating critics who show up at defence committee meetings. The hon. member for New Westminster (Mr. Leggatt) thinks we should withdraw from NORAD. The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) thinks we should withdraw from NATO. The hon. member who most often shows up thinks we should withdraw from everything. Given that type of input from a political party, they are not normally missed. The NDP party has no interest in defence, but its former critic kept the party honest; I would like to see them appoint someone permanently as their defence critic soon.

Our alliances are in relatively good shape, although NATO has a considerable amount of difficulty in regard to the standardization of equipment.

At this point I should like to return to the Minister of National Defence who has recently completed a trip to Norway. I would have liked to have seen an official press release from the minister's office on this subject, however, all we seem to receive from the minister's office on these trips is trivia. There was one exception to that in regard to the Norway trip. I understand the minister commented upon the difficulty of fulfilling the role of the ace force in Norway. Norway is unwilling to allow the basing or prepositioning of troops on her soil in peacetime. The Minister of National Defence has finally discovered this situation and realizes now that it is unlikely Canada would be able to land a force there and supply a force with any expectation of overcoming any opposition whatsoever.

At first the minister thought we might be letting our troops in for another Hong Kong experience; but I expect the bureaucrats, who make so much of the defence policy for Canada, convinced him that that was not the party line and he agreed with this rather foolish setup which is in existence at the present time. This forced the minister into another step, and that was asking Norwegians for naval assistance in order for us to get equipment over to our forces which, in the outbreak of war, would be marooned in Norway. Why do we not have our own ships to take our supplies, if that ever comes about? The truth is that, under the Trudeau government, supplying ships for our navy was considered to be a waste of money. Since the days when the present Prime Minister (Mr. Trudeau) first took office, there has not been a single keel laid down for a major Canadian vessel. We have had four vessels finished during his tenure, because he could not do anything to stop it. They have gone into service with the fleet.

It will be many, many years before the St. Laurent class of destroyer can be replaced. If the government started right now to move toward replacing the St. Laurent class of ship, that ship will be 28 years of age when replaced. It is a miracle to the world that a Canadian vessel could last for 28 years in service. I recall someone saying that that class must have been a good class. We need a replacement for the St. Laurent class, but not as badly as the government needs a replacement of the St. Laurent class of Liberal politicians that we used to have.

I should like to refer to modern weapons. It is unfortunate we hear nothing about them from the Department of National Defence. The Minister referred to one such weapon yesterday as an enhanced radiation warhead and not a neutron bomb. One would expect an advertising agency to come out with the notion that increasing the radiation of a warhead enhances it somehow or other. Yesterday the minister waxed quite lyrical about the fact that it was a beautiful, enhanced radiation warhead! Combined with the cruise missile it is a weapon similar to the B-1s of World War II. It is very cheap, flies at a high speed, and with terrain guidance systems it would be almost impossible to shoot down or to knock down in any way. It can come in under radar, and our allies in western Europe are keen to have it.

If the neutron bomb is put on a cruise missile, one can understand what would happen. The cruise missile would fly under the radar and drop the neutron bomb, with its enhanced radiation warhead. This bomb can destroy people without tanks and within houses. It kills people, and it does not kill them in a very clean method. It is not a weapon we are particularly fond of, and the biggest danger about the neutron bomb is that it will lower the nuclear threshhold in western Europe. Perhaps some featherheaded person, or a person who might not keep cool under stress, might not consider the fact that the weapon he is using is a nuclear weapon. If he attempted to use such a warhead, that might inadvertently start a nuclear war. That is what I meant by lowering the nuclear threshhold.

Our allies in western Europe have asked the United States not to bargain away the cruise missile as part of the plan to get a Russian agreement as to the limitation of arms.

As has been well publicized, we have rented some tanks from the Germans. This will increase the fire power, the credibility and the mobility of our troops which were withdrawn from the central front in Europe and put into the reserves several years ago. I would appreciate a statement from the minister in the near future as to whether we are likely to move our brigade forward again now that we have some modern tanks.

● (1532)

At this time I would like to say something about the bad habit which the minister and the department have of making their very best case for the present situation at every opportunity. I attended a meeting of NATO parliamentarians recently and found, as I read over the general report on the security of the alliance, a section where Canada was mentioned in rather glowing terms. I knew that NATO would be pleased that the Liberals have adopted the Conservative suggestion concerning the re-equipment of our forces for which we have been plugging for so long, and have started to plan the re-equipping, but

they tend to spoil it for me when they use puffery to express what is supposed to be a factual statement. I found the following statement in the general report of the alliance concerning Canada. It says:

The decision has been taken to re-equip the Canadian forces with 128 German Leopard C-1 main battle tanks. By mid 1979, the armoured strength of the Canadian Forces in Europe will have been increased from two tank squadrons to three with a total of 57 gun tanks and 8 specialist tanks.

That sounds pretty simple. It sounds as if we are going to put in 128 tanks and that we will increase our forces from two squadrons to three. That is what it says. I went to see the person who wrote this and said to him, "Thank you very much for your kind remarks about Canada. It was very heart warming to read them. Who wrote this?" He said, "Well, as a matter of fact, it was your Department of National Defence". So I started looking for the fine print. I had not realized that they would tell them that we would re-equip the Canadian forces with 128 German Leopard tanks when what we are talking about is tanks for both NATO and Canada. The three squadrons that they talk about will not be three squadrons in Germany, despite the fact that the statement says that the Canadian Forces in Europe will have been increased from two tank squadrons to three. They will have the reserve tanks for an extra squadron put into Germany and left there.

The truth of the matter was explained by General Dextraze, the recent chief of defence staff, on January 13, 1977, when he spoke at the Conference of Defence Associations. He said:

... A third squadron of tanks and a fourth battery of M109's will be located in Europe. Personnel to man these will come from Canada annually, for certain training exercises and in time of emergency as part of the Canadian Forces Europe augmentation plan.

The current thinking in NATO is that there will be no augmentation, that the only likely enemy there, the Warsaw Pact countries, are not likely to have a build-up before they move and we will have no time for augmentation at all. That is the modern thinking about it. Canadians are trying to con them, as this government does so often, that they will put more over there than in fact will be the case.

I should like to talk for a few minutes about standardization and the desperate feeling that many of us who have the interest of NATO at heart have about standardization. I knew well a general who was placed in charge of standardization in Brussels. He said it was the most discouraging job he had during his entire service, to try to make effective the standardization plans for NATO.

A startling example of this was last summer when the Germans and the Americans decided that they would standardize their main battle tanks and they would have a competition to decide which tank was the better tank, following which both countries would accept that tank. The Germans put up their Leopard II, the one that the government did not seem to realize was going to be produced when they ordered the obsolescent Leopard I. The Leopard II was sent to the United States for the competition and, according to most neutral observers, it emerged as the superior tank. All of a sudden what was thought to be an iron clad agreement became loose and we heard about a compromise solution. They would take the Leopard II tank and the American gas turbine motor, which appeared to be a very good motor.

Things went on a little farther, and finally the word came out, I think it was in August, that the entire deal was off. The Americans were going to build their tank, the Germans were going to build their tank, and they would not have the same gun, the same motor, the same armour, or anything that was the same. What this means to a country that is out shopping for equipment, as Canada is, is a disaster. If we buy the German, which we are going to do—and unfortunately we are buying the one which will be replaced by the Leopard II some three or four years from now—we will be limited to working in that sector of Europe where maintenance is possible for Leopard tanks. It will not be in the American sector, it will have to be near the Germans or near the other nations which are buying the German tank as their main battle tank.

We are trying to rush through our speeches today to make room for others. I have a great deal more that I would like to say, and there are some things that I simply must review in general. We will soon be buying new fighter aircraft. The argument is just starting. The Canadian government has asked for applications from six different firms. I would only submit that I hope they have kept their options open to the possibility of buying two different types of aircraft. Our roles demand it. One is for aircraft to support NORAD, which is totally different than the other to support our ground support role in Germany, which the F-104 is doing at present.

If we end up with a single aircraft, we will have to apply to NATO to have the role of our airforce in Germany changed, because certainly an aircraft that would be able to carry out the NORAD role in North America could not begin to carry out our support role in Germany. That, unfortunately, is what we did with the F-104. It is a 1,500 mile an hour fighter that we put into a 600 mile an hour job. Having an F-104 in a support role is not cost effective, but that is what happens if you do not know what you are doing when you start out to buy aircraft. I hope that with regard to this aircraft the Department of Industry, Trade and Commerce will not have everything to say about it. I know that offset work is important to Canadian industry.

Something that is very important to Canadians is that there be a good component of defence requirement in the fighter plane that is eventually chosen. We ended up with the F-5 because the Department of Industry, Trade and Commerce wanted it, not the forces. We do not want that to happen again. I will only say one other thing about fighter aircraft. I am baffled how we managed to get the French to try to get our contracts when the know how much we want offset work. I have never heard Dussault or any other French company from France offering anyone offset work on fighter aircraft, and I would be amazed if they offered it here.

I would like to run over quickly what will happen with our equipment under this minister, who I think was rather lucky when he came here after the hon. member for Winnipeg South had managed to get the increased equipment budget. The new minister came along to spend it.

We will have the first long range patrol aircraft, about which there was a great deal of dispute a year ago, in May of 1980. The Leopard II tank is the first piece of new equipment to come as of July, 1978, a year from now. The new fighter aircraft will come in 1981, four years from now, and while we may want 125 to 150 of those, we will get ten or 15 a year. The program is to run for ten long years, so the airforce should not think they will be flying new aircraft early in the 1980's because the last ones will be arriving only in the 1990's. As for ships, we have a press leak from the minister's office which mentions 1985, but I am rather skeptical that we will have any by that time.

I will only say to our friends in the services that I am glad that we are moving in the right direction and that re-equipment has started, but this government has left us so far behind before it made a move that, despite the fact that two years ago it started to re-equip the forces, the only evidence of it in the hands of the troops in the major equipments of tanks, ships and planes, is that we have 35 tanks, rented from the Germans.

● (1542)

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, in the past few days we have been speaking about changing circumstances in Canada, changes in the economy and changes in the lifestyles and attitudes of Canadians.

We have talked about the need for a new spirit among Canadians in order to reach a shared appreciation of our current problems and to reach a shared agreement on how these problems should be attacked. We need this co-operative spirit to deal with national unity. We need it to deal with unemployment. We need it in connection with crime and social problems. We need it to manage our energy resources and to make the best use of our food and agriculture resources.

I believe this is a crucial time for Canada's food industry. The past 32 years since the end of the Second World War have brought great changes to every sector. With the changes in the food and agricultural industry have come uncertainties. Consumers wonder what will happen to food prices next year. They wonder about nutrition and food additives. Food processors and retailers wonder about what will happen to their labour costs, what new technologies they will have to adapt to, and whether Canadian eating habits will change appreciably. Farmers wonder whether land prices will continue to rise and whether the prices for their commodities will justify paying more for farmland and for farm inputs.

Everyone wants to know what direction further changes in the food industry will take. But I believe we must take another approach to this uncertainty and concern. We must ask ourselves not only what direction developments in the food and agricultural industry will take, but also what direction we want them to take. We need to shape our agricultural policies with a clear idea of the potential of the industry and how that potential should be employed.

It is this approach that the government is taking in developing a food strategy for Canada. We are not saying that our current policies are not doing a good job. We are saying that we need a longer term plan for the food and agricultural industry. In making this plan we are asking for co-operation from everyone involved. The government has taken the lead in setting out the basic principles of the strategy. We are undertaking discussions among the federal departments and provincial departments and agencies to find ways to improve our services to producers and consumers and to build a stronger food industry.

In addition, as I announced last week, we have invited a number of major organizations within the industry to submit briefs on their responses to the white paper, "A Food Strategy for Canada". National organizations representing farmers, fishermen, processors, distributors, retailers and consumers will be presenting their opinions in December to a panel of ministers, including myself, who are working on the food strategy. We are looking forward to a frank public discussion with these organizations. While time and space have limited the number of groups invited to the December meeting, we are inviting all groups in the industry to make submissions. The government will consider the additional submissions at the National Food Conference which we will be holding next February.

Last week I announced some majors changes in the organization of my department. These were not changes just for the sake of change. It is a new look for the Department of Agriculture. It is also a new feeling about how the department can best do its job and how it can efficiently serve the total food industry, from the farmer's field to the consumer's dinner table.

All the attention which has been directed toward me as a farmer advocate, and all the department's work to assist the farmer seem to have blocked out in many people's minds the fact that the Department of Agriculture works for the consumer too. All the unheralded work we do with grading, inspection, food research, consumer advice on nutrition and so on, serves the general public. Our efforts to stabilize farm income and provide new technology in improved farm management benefits the consumer, and much more than he realizes.

As I said earlier in this House today, the research people in the Department of Agriculture and the farmers of Canada are the envy of the world. We farm in the northern hemisphere, and no other country in the northern hemisphere is as productive per man. We export much of our produce on the world market. In cereal grains alone we produce enough for our 24 million population and our livestock industry, which in turn in dollar volume is greater than the grain industry. We export enough for another 80 million people. No other country in the world exports such a high percentage of its production of cereal grains, which is close to 74 per cent.

On the subject of reorganization, hon. members will recall that the Speech from the Throne promised that the views of producers, consumers and processors will be adequately represented on marketing boards and agencies so that they can operate more efficiently. In this regard I will be making an announcement in the near future concerning changes in the

make-up of the National Farm Products Marketing Council. These changes will be in harmony with the commitment of the government to ensure fair and equitable representation of all viewpoints in the supervision of national marketing boards.

Some of the changes which have been made have made farmers more efficient, but they have also left them more vulnerable to forces beyond their control. That is why farmers are concerned about the instability of prices. Farmers are not the only ones who suffer as a result of instability in agriculture. What about processors? What happens in the meat packing industry when the number of hogs coming to market drops by 20 per cent in one year? The instability of farmers' incomes is also quickly transmitted to those Canadians who supply farmers with building materials, machinery, fertilizer, and a long list of other goods and services. This is what has happened in the hog industry in Canada. Because there have been no government programs, farmers decided over a period of a year and a half or so that they should discontinue producing hogs. This year we will not be self-sufficient in hogs.

Mr. Mazankowski: Shame!

Mr. Whelan: We will be a net importer of pork this year. Some people would say that that is because of marketing boards, but the province from which the hon. member who is yelling "shame" comes has no marketing board and no supply management, and that province has decreased production. That decision was made in that province. We know what happens when that takes place. We know that packing plants close down and jobs are lost. However, that is the decision the farmers themselves made. For the last nine years farmers have made money out of pork production in Canada. There has never been a year in which they have not showed profit.

They made a decision which caused the closing down of packing plants, and we are now importing pork from the United States. We are still fulfilling our export orders and the commitments we have made to such countries as Japan. The producers signed contracts. They knew what they were going to get.

The hon. member who is making comments would be interested to know what Mr. Child, the manager of Burns, said yesterday in Montreal and what he said a week ago in Edmonton. He said that pork producers in the province of Alberta should look to the dairy producers in that province. Modern plants have been kept up to snuff, and dairy producers are getting a proper return. Mr. Child concluded by saying that they have a supply management system in the fluid milk industry in the province of Alberta which is superior to anything in the hog industry. All the plants are flourishing and are as modern as can be. They are going full speed ahead, but in the pork industry packing plants have closed down, and not because of anything the government has done. The consumer has been affected by this. Fluctuations in bacon prices have taken place. Packing plants have not been modernized, but the opposite has been the case in the dairy industry.

I think we must be realistic and recognize that, when prices are high, producers expand their operations and new farm enterprises start. In periods of lower farm incomes producers are forced to cut back or perhaps even to get out of the business. This movement of physical and human resources in and out of food production adds to the cost of producing food. Ultimately the consumer pays the higher cost. We must also consider the cost of unused capacity or adjustment which is needed at the food processing level.

The whole food and agricultural industry stands to gain from increased stability down on the farm. That is why stabilization has been a priority policy of this government. We have supported the concept of marketing boards. We have amended and updated the Agricultural Stabilization Act. Since the Agricultural Stabilization Act was revised in 1975, we have paid out $100 million to improve producer returns.

● (1552)

We have set up the western grain stabilization program. There is every indication of a substantial payment to western grain farmers this year under this program. Just last session we presented the Advance Payments for Crops Act which stabilizes returns on storable crops by helping farmers even out their marketings throughout the crop year. That is something new that farmers who produce cash crops in eastern Ontario have been able to take advantage of.

There is a long list of programs that support and stabilize the Canadian food and agricultural industry. The federal government spent more than $56 million last year on crop insurance. This year our contribution to crop insurance is expected to reach $75.5 million. Under the domestic feed grain program, we have set up a $14.5 million budget in Ontario for feed freight adjustment programs that encourage farmers to build permanent on-farm storage for grain and silage, and to instal grain handling and drying devices and feed preparation equipment. Ontario has signed that agreement. We are working with the province of Ontario and many farmers from Elgin County, for instance, have taken advantage of this program. At least 50 farmers in the community around that of the hon. member for Elgin (Mr. Wise) have taken advantage of this. He must have done a good advertising job of the wonderful program we have developed for farmers in the area.

We are working hard with the Quebec government which has been reluctant to sign this agreement. They have dilly-dallied. The Minister of Agriculture for Ontario signed it months ago, but Quebec is blaming us for not going ahead. We have been funding forage transportation assistance programs in co-operation with Ontario and Saskatchewan to help livestock producers who have suffered unusual crop losses because of bad weather.

Canadian farmers operate in the toughest climate in North America. We make the comparison with the United States so often and so easily, but I must tell you that other countries in the northern hemisphere come here to learn how we produce so much food in this northern, cold country called Canada. They know our extreme climatic conditions, yet none of them approach our productivity. Our programs have to be as good and in many cases better than those of our neighbour to the

south. The United States enjoys an ideal climate for food production. An examination of the programs we have put in place shows we have provided superior programs when they were needed to give assurance of adequate supplies of wholesome food from farms that must contend with problems posed by our northerly climate.

The former secretary of agriculture of the United States was in Ottawa the day before yesterday. He withdrew a lot of programs, and now the present Secretary of Agriculture has been forced to put them back because of threats of strikes etc. by farmers as a result of their losses.

A United States team is in Canada at present studying our crop insurance program because United States farmers do not enjoy the kind of protection our farmers have. They do not have the tremendous Western Grain Stabilization Act that protects our farmers. As I said already, it appears there will be a substantial payment under that program. Through our Agricultural Stabilization Act we can cover any commodity as required, including grains grown outside the Canadian Wheat Board area and livestock across the country. The United States has no stabilization plan like this to cover livestock production and give the livestock producers the protection they need in world markets, and they are under tremendous pressure to introduce programs such as we have in this country.

The federal dairy policy recognizes the challenge faced by dairy farmers through short summers and long winters. No other country in the world houses its dairy cattle as long as we must. We have overcome this problem through the application of science and such things as genetic breeding. We have some of the best dairy cattle in the world, and other countries come here to study our methods. Cattle are the best producers of highly nutritious food, particularly the Holstein cattle in Canada. Let no one say that any dairy policy, provincial or federal, has caused inefficiency in the dairy industry.

The two-price wheat system in this country protects both consumers and producers in a way not found in the rest of North America or maybe even in the world. However, there is more to be done. Our first priority now is to reach an agreement with the provinces to harmonize all the stabilization programs for various commodities that are produced and marketed nationally.

The danger exists that some provincial stabilization programs may lead to production shifts against the comparative advantage of producing commodities in one area of the country over another. Recently the Minister of Agriculture for Brazil was here and he told me he was concerned that if one commodity goes down in price while he has made commitments to world markets and, as a result, producers switch to another crop on their own, he has to be able to stop such a switch.

In western Canada pork producers reduced production by 46 per cent on their own. They were still making money, but it was easier to sell grain than to take care of hogs. I realize that, but it does not help the packing industry or employment in different parts of the country. It does not help our balance of trade either to spend more money outside the country for pork than ever before. We have to import pork because we are not self-sufficient.

I have no problem with eggs, Mr. Speaker, and I have no problem with dairy products or anything else. Bankers tell me they have no problems with producers in those organizations either, whether provincial or federal. We have done a better job than any other country in the world. In turn this may lead to unproductive competition among provinces.

We must have harmonization of the stabilization programs. There may be restrictions on agricultural products moving within Canada, and difficulties in international trade if some price support levels are judged unfair by our trading partners. As I said earlier today, we must remember that we are one of the largest exporters of cereal grain in proportion to our production. On average, 74 per cent of it goes to world markets. No other country exports such a high percentage of production.

I do not expect an overnight success in reaching harmony among provincial and federal stabilization programs. We have had long discussions on the subject at our federal-provincial meetings in the last two years, without reaching agreement. However, the provincial agricultural ministers are as concerned as I am about the problem, and as anxious as I am to find a solution.

In fact stabilization will be high on the agenda at federal-provincial agricultural talks being held in Ottawa tomorrow and Friday. I can report to the House that Agriculture Canada will be going into these meetings with some new thoughts for a workable compromise.

One of the reasons I am confident we will be more successful in our discussions at this time is that we will not be talking about stabilization in isolation from other problems. Harmonization of stabilization is just one aspect of agricultural development. We will be discussing all our agricultural development programs with the provincial authorities in the months ahead.

In the Speech from the Throne the government stated its intention to work out a more co-ordinated approach to agricultural development. Agricultural development is a cornerstone of the over-all food strategy. My department will be taking the lead in building the new agricultural development strategy. I would like at this time to outline more fully for the members of the House what we will be doing about it.

First, though, I want to dispel the idea that agricultural development is something that affects only farmers. It is a vital matter for each and every Canadian. The strength of the food and agricultural industry affects employment. One in every four Canadian workers owes his employment to the food chain—whether in production, processing, transporting food, retailing, or in industries that supply machinery, energy and other inputs for the food industry. Agricultural development also affects food prices, food quality, and the security and dependability of our food supplies. It affects our international commitments and moral responsibility to supply food aid to areas of the globe less fortunate than ourselves. The decisions

we make about the future directions for our food and agricultural industry will also affect the quality of life in Canada, particularly the sort of life people will lead in our rural areas.

The aim of the government in establishing a strategy for agricultural development is to tap the full potential of the food industry to contribute to the growing Canadian economy. How can we reach this goal?

To begin with, we must set specific objectives. Then we must co-ordinate our efforts to achieve these ends. This means consultation among all the federal departments that have programs to encourage agricultural development. Agriculture Canada will be taking the lead in this consultation process. We will be evaluating all the current development programs. In co-operation with the other federal departments involved, particularly the Department of Regional Economic Expansion, we will assess the impact of current policies on agricultural development. We will see if we need to make changes in these programs and their funding.

● (1602)

Agriculture Canada will then take the lead in meeting with provincial officials to get their response to the federal government's agricultural development goals, and to discuss what separate and joint programs can achieve the best results. Other departments currently negotiating aspects of agricultural development with the provinces will either be turning over these negotiations to Agriculture Canada or involving the agriculture department in joint negotiations or accepting Agriculture Canada's co-ordination input.

One of the most important aspects of the agricultural development strategy is that it will be an approach team with various federal and provincial departments co-operating on development programs. Producer, consumer and industry organizations will also be on the team and will have an important input into these programs. As Minister of Agriculture, I accept my responsibility to be leader of that team.

I have said that our over-all objective in agricultural development is to assist agriculture in realizing its full market potential. Perhaps I should elaborate a little on this theme. There are eight specific objectives we want to achieve.

First, we will aim for increased production efficiency in the Canadian agricultural industry. As you know, Canadian farmers are among the most efficient in the world today. But, we have room for improvement. We could make significant gains in production efficiency if we could increase the rate at which proven technology and management practices were made known to farmers. We may need an on-farm demonstration program to show farmers new equipment and techniques at work. Or perhaps we need some direct assistance to farmers for adopting proven managerial and technical methods in agriculture.

A second objective is to maximize the contribution of agriculture to the Canadian economy by ensuring that our resources are devoted to the commodities with the best market potential. I have always been honest with farmers. I am going to tell them if they should be shifting from one commodity to another. I want to give full information to others in the industry as well, agribusiness and extension workers, for instance, so that they can play a part in helping the industry make necessary adjustments.

Our third objective is to help low income farm families to make a better living in agriculture. Improving farmer efficiency and using agricultural resources to produce the right commodities will no doubt help low income farmers. However, this group has some special problems and we need to make a special effort to overcome them. Maybe the answers will include special training programs, or a program to intensify production on these farms without expanding the land base, or efforts to include part-time farmers in programs that now exclude producers who also work off the farm.

A fourth point we must consider is the conservation and improvement of national agricultural resources. We are already working on a national land-use policy as part of the food strategy development. And we already have programs under PFRA and ARDA to encourage soil and water conservation, drainage improvement, and community resources such as community pastures. But, obviously, these programs can be reviewed and strengthened.

Along with increased efficiency at the farm level, we need increased efficiency in the marketing system. Much is possible in this area. Let me give just a few examples of recent actions by the federal government to improve marketing efficiency. In the area of markets information, Agriculture Canada has evaluated all of its current services and is changing them in response to ideas from users in the industry.

Among the changes introduced, we are offering, starting November 1, a free phone-in national livestock market report, updated daily. Farmers and others in the industry can get this report by calling a Zenith number. Our recently announced program for storage assistance for feed grains in feed grain deficient areas is another example of a service to improve marketing efficiency. Improvements in marketing efficiency will also include initiatives for improvements in the processing, distribution, and retail sectors.

Our sixth specific goal is to protect farmers against income instability and the natural hazards faced in agricultural production. I have already talked about our stabilization policies. However, we must also consider the results of instability on world markets. I think immediately of the beef industry and the beef trade problems we have had to grapple with in the past two years. At the present time, I believe we have the beef trade situation in hand. However, if warranted, we may consider legislation to set up a national meat authority with powers to control exports and imports.

If necessary, I have been authorized by the government to look at the possibility of the passing of a Meat Authority Act, provided I could be assured of the very close collaboration of the opposition.

Some hon. Members: Oh, oh!

Mr. Whelan: You said you wanted it. There is the challenge for you to accept.

Some hon. Members: Hear, hear!

Mr. Whelan: The horticultural industry is another sector greatly affected by prices and production levels outside Canada. We are studying the whole horticultural sector with a view to improving tariff protection and other assistance that may be necessary to build viable domestic fruit and vegetable industries. Not every fruit and vegetable crop can be produced profitably in Canada in the long run, but we are looking at which ones deserve protection and assistance to reach their potential. This is our seventh specific objective, to provide longer term protection against foreign competition for selected commodities.

The eighth specific objective is to improve access to foreign markets for Canadian agricultural commodities. We can produce more food in this country than we can consume. But we need to be sure of international markets before we produce food products in excess of our domestic requirements. Agriculture Canada, as well as Industry, Trade and Commerce, will be looking at possible new initiatives to promote our agricultural products abroad. The current round of multilateral trade negotiations provides us with the opportunity to improve our over-all access to a number of foreign markets. We have consulted with the various sectors of the food and agricultural industry in developing our negotiating position. Those consultations are still going on.

In working to meet all these objectives, we must keep in mind the significant differences among the various agricultural regions of Canada. They differ both in potential and in problems and we must accommodate regional objectives along with these national ones, as much as possible.

The federal-provincial co-operation on agricultural development and harmonizing stabilization programs will have a considerable impact on national unity. I am confident we will be able to reduce friction between provinces on the stabilization issue. Our new agricultural development strategy will be forged in the interests of the whole nation without overlooking regional problems.

Our efforts to define further the agricultural development strategy will follow the same co-operative process being used to create a total food strategy, that is, the federal government is counting on participation and input from farm organizations, consumer groups, food retailers, the processing and distributing industry and all others involved in the food chain. In addition, the provinces will have a large role in determining the shape of agricultural development programs for the future.

Mr. Hurlburt: On a point of order, Mr. Speaker, I would like to ask the minister if he would permit a question. In the mini-budget of Thursday, October 20—

Mr. Deputy Speaker: Order, please. Will the minister accept a question?

Mr. Whelan: I am practically finished, Mr. Speaker. I will end by saying when I compare programs that we have for agriculture today, I compare the health of the producers within those programs that we have worked so successfully with the provinces to provide. When I compare them with programs which they either do not have in the United States or which they did have at one time which compared slightly with the ones we have at the present time, I find our programs supersede theirs. I do not have the tremendous worry for those producers within those organizations as I do for those outside of an organization, whether it be federal or provincial. These programs work for the security that agricultural producers need, that kind of production program we need to keep them the most productive people in all of Canada.

Our producers are protected. The loan institutions know that those farmers who are borrowing money have a program with marketing boards or marketing associations, call them what you will, which provide some kind of security. The program we have now for advanced payments of storable crops provides some kind of guarantee. It supersedes any in the world.

Our dairy farmers are better off than any in the world. Our poultry producers are better off than any in the world, as are our egg producers.

Some hon. Members: Hear, hear!

Mr. Whelan: The farming industry is not in that bad a shape. I am not saying it is in as good a shape as I would like it to be, but I challenge members opposite to name any other nation that provides more security for farmers than we in Canada through the Canadian government and the Minister of Agriculture.

Mr. Deputy Speaker: Order, please. The minister's time has almost expired. I am ready to allow a question if the minister is ready to accept it.

Mr. Whelan: Yes, Mr. Speaker.

Mr. Hurlburt: Mr. Speaker, my point of order is this. In the mini-budget of Thursday, October 20, the Minister of Finance (Mr. Chrétien) said as reported at page 99 of *Hansard*, and I quote:

—the government does not believe in excessive intervention in the market place.

I would like to ask the Minister of Agriculture (Mr. Whelan) why he and two Senators keep crossing this country promoting marketing boards and supply management, which is completely against the free enterprise system?

● (1612)

Mr. Whelan: I never said I agree with those people in the other place. They have submitted a report. But I just want the hon. member to go and talk to his provincial minister of agriculture, who is quoted in one of the noteworthy newspapers in this nation as saying he agrees with that report. I am talking about what the provincial minister of agriculture in Alberta has said. He agrees with those Senators. I am not saying I do,

because there are many things in that report which would involve us in being asked for compensation by our trading partners in GATT, from our trading partners in Australia and New Zealand, and so on.

If we think we can isolate ourselves even in the North American market for beef, we are just kidding ourselves. The United States is dealing with more than 20 other countries in connection with beef and you are not going to be excepted from that kind of a trading program; you will be involved in a world trading program. So there is nothing we can do in this country, there is nothing this minister will do with any marketing board, which will protect inefficient farmers. Anyone who makes such a charge is not being factual and is on the verge of dishonesty when he says that this minister or this government is pushing any kind of program which will protect an inefficient operation to take place in this nation.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order. I see that members are getting up to raise points of order or to ask questions. If the intention is to ask questions, I would point out that the time allotted to the minister has now expired, so he could continue only with the unanimous consent of the House.

[*Translation*]

The hon. member for Joliette would like to ask a question and he can do so only with the unanimous consent of the House.

[*English*]

Is there consent to allow members to ask questions of the minister?

Some hon. Members: Agreed.

An hon. Member: No!

[*Translation*]

Mr. Roch La Salle (Joliette): I thank you, Mr. Speaker. I do not want to take up the time of the House, but I listened carefully to the Minister of Agriculture (Mr. Whelan). He made a speech which will once again create much hope, but anyhow I do not question his statements. First I would like to know whether there have been butter imports since January last. If not, will there be some from now until April next? Second, on behalf of fluid milk producers—and if I have to implore the minister I will do so—can he tell us today when he will be sending the subsidy cheques to producers who are now experiencing problems of which the minister is aware?

[*English*]

Mr. Whelan: The hon. member has made some accusations and asked some questions. If the House wants to give me half an hour I am perfectly willing to answer him. The dairy question alone is a complex one. He intimated to the House, and probably to the viewing audience, that we are withholding subsidies from all the industrial milk producers of Canada. We are not doing that. The industrial milk producers are getting their full subsidy. But we have asked the provincial producers of fluid milk to contribute $12.5 million across this nation from Victoria through to Halifax, and some of the provincial milk marketing boards have agreed; in some cases legislation has been passed enabling this contribution to be made to the skim-off. We do not at the present time intend to abandon the position we have taken. We think it is something that can be legitimately asked.

We think that those who are taking fat off whole milk and putting the skimmed milk and 2 per cent milk on the market are contributing to the surplus industrial milk situation. The fluid milk producers are benefiting from dairy milk policy to the tune of $281 million a year. If they had to deal strictly on the basis of world prices for dairy products, that is how much it would cost the fluid milk producers in Canada for a program of that kind.

The hon. member has been complimentary about the program I announced today—the forward-looking approach I have taken toward agriculture.

Some hon. Members: Oh, oh!

Mr. Whelan: He is concerned about the importation of butter. We have announced exchange of a butterfat program. I hope the hon. member realizes that if we can sell on world markets condensed milk, for example, we would have no butterfat problem, no skim milk problem; we would be exporting the whole product. In return for that we have agreed with some of our trading partners to import butter if necessary. That would be of greater benefit to the dairy producers and more beneficial to the treasury of the country as well. It would be of greater benefit to the dairy producers because they would then have to spend less of their income for export subsidies on skim milk powder. For every pound of butter you make, you make double the amount of skim milk powder.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. I wish to be fair, but I see many members indicating they want to ask questions. There is only an hour and a half left and at least ten or 12 members were wanting to speak this afternoon. I do not see how we can meet the schedule. I think maybe I should allow only one more short question and short answer, if there is consent.

Some hon. Members: No!

Mr. Deputy Speaker: There does not appear to be consent to continue. The hon. member for Provencher (Mr. Epp).

Mr. Flynn: Mr. Speaker, when you asked for unanimous consent just now I distinctly heard two members say no and refuse unanimous consent for more questioning of the minister. I think you should ask the question again, Your Honour, to see if there is unanimous consent.

Mr. Deputy Speaker: Well, I must say that any hon. member who is not satisfied with what the Chair has heard can always stand up and raise a point of order and notify the

Chair accordingly. Nobody stood up, and I therefore concluded there was no question being raised. The matter has now been settled, and I am recognizing the hon. member for Provencher.

Mr. Jake Epp (Provencher): Mr. Speaker, at the outset I would like to congratulate the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) for their participation in the debate. I, along with many Canadians, felt deeply honoured by the presence of Her Majesty as she participated in the proceedings at the opening of this session of parliament.

I would like to draw the attention of the House to a fairy tale which probably many of us learned about in our younger days. It is a Hans Christian Andersen fairy tale entitled "The Emperor's New Clothes." The story goes something like this.

The emperor loved clothes and spent very little time on matters of state. One day two cheats or charlatans came to the castle and told him they were weavers of the very finest cloth. They asked him if they could weave some cloth for him. He gladly consented.

This went on for some time, and as the days approached when the cloth was to be completed, the emperor sent one of his most trusted ministers to check on the progress of the operation. When the trusted minister got there he looked at the loom, and on it saw nothing. But the two charlatans pointed out the wonderful imaginary pattern in the wonderful cloth that they were weaving. The minister, very concerned about the wrath of the emperor, decided to go back to the emperor and tell him the story the two charlatans had told him.

This went on for some time, Mr. Speaker, until one day the emperor came to look at the cloth that was being woven and he, too, was conned by the very same story his minister had been told.

● (1622)

To put the fairy tale in perspective, the day came when the emperor came to the weavers to put on his new suit of clothes. He took off his clothes and put on his imaginary new clothes. Then, having said there was going to be a great procession through the town, he walked through the town and the courtiers hung on to the imaginary train, until they passed a small child.

The small child, unlike the adults who were looking at the emperor and exulting about his wonderful clothes, simply said, "The emperor has no clothes". And the people said, "Listen to the innocent. The innocent says the emperor has no clothes; indeed, the emperor is naked".

That story, though fairy tale, launches us into the very type of situation in which we Canadians find ourselves today. The throne speech, to many Canadians, was to be the cloth whereby we were going to get a new dimension, a new hope for the future. We find the emperor, who has been the so-called Prime Minister of this country for the last nine years, following the throne speech, and again following his participation in this debate, is devoid of new ideas. Indeed, the emperor is naked, naked of any direction, and naked of any future hope for Canadians. Surely the Speech from the Throne should be a thrust. It is an opportunity for the government to show Canadians that it is capable of leading. Unfortunately, the Speech from the Throne was devoid of credibility. It gave no hope to Canadians. Much more, Mr. Speaker, once again it placed a wedge between Canadians and those who are to govern, showing there is no trust in the government of the day.

What is the record, Mr. Speaker? In 1968 Canada was united. The euphoria of Expo and of the related Centennial activities was such that it bound Canadians together. Today, whether one assesses our economy or our future as a country, the government gives little cause for hope. Is there any hope for the one million unemployed in Canada? At the present time our unemployment rate is running at approximately 8.3 per cent. Statistics can be very cold; one million unemployed is bad enough, but even more important, when we look at Canadian workers under the age of 25 we find that their unemployment rate is double that of the Canadian average.

It cannot be said any better, Mr. Speaker, than in the words of the Speech from the Throne. This extract is to be found at page 2 of *Hansard*:

> The human hardship imposed by the current level of unemployment in Canada is deeply disturbing. It is neither just nor tolerable that in this country there should be so many men and women deprived of the dignity of self-supporting work, unable to meet their financial commitments and plan confidently for the future. It is intolerable that so many are deprived of their right to secure and productive lives and that their families bear an unfair burden of worry, uncertainty, and deprivation. On a national scale, unemployment now constitutes a very serious obstacle to economic growth.

By their very words, Mr. Speaker, the government stands indicted. The evidence is one million unemployed. Every member of this House knows that, as the winter months come and go, this unemployment rate will increase. What is the government's response? The only response it has given is another make-work project, another $150 million of largesse. That $150 million comes from where, Mr. Speaker? It comes from the taxpayers of Canada. This is but a short-term solution.

We need a better manpower strategy, Mr. Speaker, one which will create an economic climate which is conducive to steady growth. We need to create approximately half a million jobs per year, and this projection is valid until approximately the mid-1980's. At the present time we are creating only about one half of the needed jobs. We will never create those jobs, we will never create that climate, by shor term make-work projects. What is needed is a manpower and industrial strategy whereby the private sector is encouraged and in fact given incentives—not handouts, because that is welfare of another kind—so it will not see everything which it produces taxed away.

I want to get to this point a little later, Mr. Speaker, but I believe that today we have stepped over the boundary of fair taxation and reached the position of confiscation. That is the situation in which we, as Canadians, find ourselves today. We are confiscating much of that which belongs to individual

Canadians; it is taken by government and redistributed in a very unequal and unfair manner.

As a western Canadian, Mr. Speaker, I ask for how many years have we argued, begged, and pleaded with the government to bring forward an industrial strategy whereby we will be able more equitably to develop our own agricultural products and commodities? Where is the industrial strategy? Instead, Mr. Speaker, we had the Calgary Conference on Western Economic Opportunities. Western aspirations are no closer to reality today under this government than they were at the time that conference was held in 1973. We need to create jobs, Mr. Speaker, permanent jobs, not government handout jobs. But this government is not going to provide those jobs.

As for productivity, all Canadians who have studied this question know that our standard of living is largely dependent on the fact that we are an exporting nation. Seventy per cent of our trade, both imports and exports, is still with our neighbour to the south, this despite the fact that the Prime Minister (Mr. Trudeau) has attempted to erode the confidence in and the good relationship that we have had with our neighbour to the south. Our cost of manufacturing is from 20 per cent to 25 per cent higher than it is in the United States. Added to this, the United States has other advantages, such as a more southerly latitude and economy of scale with a population ten times that of ours. So at the best of times it is difficult to penetrate that market. As a result we have lost jobs. Why are we not competitive, Mr. Speaker? It is because we have created an environment of high production costs, whether one talks about wages or whether one talks about taxes.

Another factor which is becoming more and more apparent at this time is that the regulatory agencies, both federal and provincial, are constantly encroaching upon the private sector and adding to those costs. The only way we can finance trade at the present time is by the export in raw form of our agricultural products and very often of our national resource commodities. When the world market goes soft, as we keep hearing is the case today, we lose our competitive advantage.

The world recognizes, Mr. Speaker, that we are in great difficulty. There was an article in the *Globe and Mail* of September 28, 1977, simply entitled "Japan shocks Davis"—that is Premier Davis—"with a stern rebuke over strikes, taxes". The article went on to refer to our labour force, and then had this to say:

> The Japanese business leaders cited higher corporate income taxes in Canada as the second most important reason why Japan looks to the United States.

Lack of productivity has also resulted in lack of investor confidence. Where is investment confidence today? Why is it that Canadians do not want to invest in their own country but rather look to the United States as a better place for their capital? Why is there a flight of capital? I say it is largely due to the lack of economic leadership on the part of this government and successive finance ministers.

In the 1960's, Mr. Speaker, we heard it said more and more that profits were too high. In fact we often hear it said that the word "profits" is a dirty word. One simple fact in our economy is that profits create jobs. Again no leadership has been given by this government in creating that type of climate. The government's response has been to change its minister of finance. Again I say that the emperor who is to lead has been found naked, devoid of leadership.

As for inflation, Mr. Speaker, granted inflation is a factor in every economy of the western industrial world, the fact of the matter is that inflation rates in Canada today are increasing despite controls. Other countries, including the United Kingdom along with their unemployment rate, have a lower rate than we have. Surely we have become the sick man of the international economic community; it is no longer Britain.

We all remember the Prime Minister saying in 1974, "Zap, you're frozen". To my mind, the reason why the anti-inflation regulations have been ineffective is that the government lacks credibility, because it said one thing in a campaign and then, when politically expedient to do so, said something else.

● (1632)

Governments must tell the truth. When they do not, it is the people who suffer and get a jaundiced and wrong view of governments. Therefore they say that all of us cannot be trusted. The biggest losers in this shell game have been the Canadian people.

What has been the result of this lack of leadership? What about the sliding dollar? It is not sliding any more, it has sunk below 90 cents. It has sunk to the 1932 level at the height of the depression. We must remember that the dollar is 90 cents as against a declining American dollar. It has come to the point where a cartoonist like Ben Wicks portrays two people walking down the street: one is about to pick up a piece of paper, and the other one says: "Frank, don't bother, it is only a Canadian dollar."

We are the laughing stock of the industrial community. As a result, because of our heavy international foreign borrowings, those borrowings are becoming more expensive every day.

The government has shown the greatest lack of leadership in government spending. I am referring to governments at all levels. At this time close to 43 cents out of every dollar, which is made in goods and services, is taken by the three levels of government. In order to put it in practical terms, it means that a Canadian worker earning $15,000 a year will pay direct and hidden taxes in the amount of $6,800. That is what it is like to be a Canadian today.

To put it another way: during January, February, March and to the middle of April, he or she will work in order to pay federal and provincial income taxes. He or she will continue working during the rest of April, all of May and half of June to pay the rest of his or her taxes. On June 15 or 16, finally he or she will be entitled to work for themselves. What has happened to incentive? The government is silently sitting by, hoping it will go away like a bad dream or a bad headache.

I see the Minister of Finance (Mr. Chrétien) is in the House today. I have respect for him, but he should be told that he has a big job to do. Unfortunately he does not have a Prime Minister or a cabinet who are willing to say the things that

need to be said, and much more important, are not willing to follow the things that should be said. The Prime Minister is not willing to do this because he is an interventionist into the market place. He enjoys it, he wants it, and that is the direction in which he wants to point Canada. All he will do at this point in time, if it is not politically expedient for him to do it, is ease off. The minute it is possible for him to do it politically, he will do it once again.

We have repeatedly heard about the taxpayers, that it is the corporations which are paying the high taxes. The 1975 Canada Year Book indicates that 85 per cent of all working Canadians are individual or salaried earners. These people are the ones who have to pay the shot.

One might say, if we have a 43 per cent level of taxation, that hopefully the in-trust money is being spent well. Is it? What did the Auditor General say in his report? I should like to refer to the report of the Auditor General for the fiscal year ended March 31, 1976, which reads in part as follows:

> The present state of the financial management and control systems of departments and agencies of the Government of Canada is significantly below the acceptable standards of quality and effectiveness.

Where does the government spend money? The government keeps on asking where we would cut back. In order to give this House an example of where I would cut back, I will refer to an article which appeared in the Winnipeg *Free Press* and was reprinted by the Winnipeg Chamber of Commerce. It received wide circulation during the recent Manitoba election. When asked the question: "Who is the largest spender in Canadian advertising dollars", one might say General Motors, Ford, or Proctor and Gamble. Elliott Research determined last year that Proctor and Gamble was No. 1. Who is No. 1 today? Today the government of Canada spends more money on advertising than any single corporation in Canada, without taking into consideration the spending of the Crown corporations. Is that restraint? If one were to add to that the spending in advertising by Air Canada, Canadian National Railways or CN Telecommunications, just to name three, what would be the advertising dollars then? A lot of these programs are compulsory.

I should like to refer back to that article and quote from it in part:

> It must come as a bit of shock to discover that the advertising cost of programs such as persuading Canadians that filling out income tax forms—already required by law—can be fun, or telling everyone, at a cost which exceeded that of energy saved, that Environment Canada is really an energy miser after all . . .

Today the Government of Canada consumes more money than does Simpsons-Sears, Bell Canada, the Canadian Imperial Bank of Commerce, Dominion Stores, Nabisco, Pepsi-Cola, and the Royal Bank of Canada combined to sell their wares. One must remember that these firms are competing businesses. On the other hand, the Canadian Post Office, which has a monopoly, considers it necessary to spend $350,000 to improve its image, a task that would be more readily accomplished if the money were spent to improve service.

One can refer to the ministerial use of aircraft. That was brought forward once again in this session of parliament. The people of Canada will be conned no longer. They will not be bought by their own money. The evidence of that is what happened in Manitoba during the election last week. Prior to that election the campaign strategy was very simple. The campaign strategy of the Progressive Conservative party, which has now been sworn in as the government of Manitoba, was that we would run on a policy of restraint. For many people that was not a very popular move. They said that people must be given promises. We said that Canadian people, and specifically the people of Manitoba, were not willing to be conned; tell them the truth and they will respond.

Apparently the press did not believe us. On October 3, 1977, an article appeared in the *Financial Times of Canada* by Roger Newman. That article was entitled: "PCs Hopeful but Unlikely in Manitoba Vote". I should like to quote the last paragraph of that article, which reads as follows:

> If the vote was held today, most observers think Manitobans would elect a minority NDP government, with perhaps a weaker Tory contingent as the official opposition and the Liberals as a fairly strong third party. Since no dramatic issues are being debated, the parties could end up in something close to a three-way tie, with the result that a rematch might be necessary within a year.

What is that non-dramatic issue of which Mr. Newman speaks? It is that we said to Manitoba that spending must stop and taxation must be reduced. Also we said that there would be six taxes we would eliminate, one of which was succession duty.

I asked the Minister of Finance the other day whether he would follow the lead of the Manitoba government, whereby a farmer or an owner of a small family owned business would be able to transfer or sell, without the penalty of capital gains, to a close family member once during his lifetime. I am in agreement with that because it would enable the family to retain the family farm or business.

As I have said before, we have gone beyond the threshold of fair taxation to confiscation. This government is confiscating the rightful property of Canadian taxpayers. These family farms and businesses have been paid for; taxes have been paid on those farms and businesses, and yet the government wants capital gains. The government complains about youth leaving the farms and not carrying on with their fathers' businesses. The reason is very simple: confiscation.

We must return to living in a society with incentives. We live in a technological age, and we must adjust to that age. The Minister of Finance should reduce government spending on non-productive sectors such as advertising and direct more money into research and development.

● (1642)

Let us put research and development on a better footing in order that the technology with which we can develop can be used for the creation of new jobs in the technological age. My concern today is especially for the transportation industry and for energy.

Not only is the economic situation such that the emperor is naked, he is also devoid of any new ideas with respect to Canadian unity. We will never solve the question of Canadian

unity so long as the regions feel they are outside the decision-making process in the country. That is what we feel in western Canada. I do not want to speak only as a western Canadian—I want to speak as a Canadian—but there are regions in Canada which feel they are being left out, and the government must wake up to it. There is a close link between the economic stength of the country and the desire of Canadians to remain within the country, and the unity question will have to be solved.

References have also been made in the House to the language law. Let me say clearly to all members here that, as a Manitoban, I do not apologize for what has been done in Manitoba because Manitoba has always had the reputation of being an ethnic province, and as ethnics and citizens of that province all we ask for is equality. We do not ask for a special status or for special rights. All we ask for is equality, and it is time that the government woke up to the fact and announced that all Canadians are equal and that there are not some who are more equal than others.

The same thing applies to a referendum or to any new organization on the constitutional level. We want no special deals, no special status for anyone or for any region of Canada. Unity will not be the product or the outgrowth solely of a change in the economic fortunes of Canada or of constitutional changes but, rather, as was said in the throne speech read by Her Majesty:

> This discontent in such a wealthy country must find its causes in the human spirit, and it is there also that the unity of the nation must be found.

If I were to condemn the government for anything—and I would not even refer to the economic situation which is bleak, and I have painted the picture to describe it, nor to Canadian unity which has been destroyed by the Prime Minister during his ten years in office—it would be for its lack of moral leadership, its lack in human spirit.

I want to quote from the speech given to the Canadian Club on October 17, by His Royal Highness the Duke of Edinburgh. He said:

> The age of the social conscience, social justice and concern seems to have coincided with the age of crime, pornography, mugging and international terrorism. What started out as a liberalization of restrictive social conventions seems to have developed into a dictatorship of licence.

This dictatorship of licence has gripped Canada. It has not only gripped Canada but it has gripped the western world. I do not want to miss any words when I say that one of the reasons for the malaise which we are experiencing today is that the Prime Minister has tried to destroy many of the moral values on which this country was founded because, with a humanistic approach to life man becomes all important, man becomes the only one, he becomes the I. All values based on Christian principles are set aside once you put I in the centre of things, and this Prime Minister has done it. That is why we are experiencing this malaise.

The Prime Minister has frequently been in the vanguard of change, and, I say very directly to you, change for the worse, not for the better. Under the guise of civil libertarianism, we thought we would gain greater civil liberty, but civil liberty has been replaced by licence. For these three reasons alone it is high time that the government packed its bags and left because Canada cannot afford another term of Pierre Elliott Trudeau. I say to you very clearly: Canadians awake. It is time, and the time will come at the next election.

[*Translation*]

Mr. Gaston Isabelle (Hull): Mr. Speaker, it is always a great honour for the member for Hull to address the House and have the opportunity to participate in the debate on the Speech from the Throne. First I would like to thank the hon. members for Louis-Hébert (Mr. Dawson) and Malpeque (Mr. Wood) for the excellent speeches they have delivered in the House on the Address in reply to the Speech from the Throne. In spite of their limited political experience, they have proved to the House and to the Canadian nation that they know their ridings and that they will be excellent spokesmen for their constituents.

Mr. Speaker, when I heard some of the speeches delivered in this House on the national unity issue, I was deeply shocked and, as a physician, I made a diagnosis. It was more psychiatric like since those speeches, to be more precise, bordered on schizophrenia.

I also noted that the hon. members who made these speeches committed most of the capital sins, from hatred, envy, anger to jealousy. Surely some hon. members and the next generations will see these hon. members as participants in a candid camera stint. I should like to return to one of my pet subjects, namely the federal presence on the Hull side of the river, or rather in the Francophone part of the national capital region. You are doubtless aware of the climate of uncertainty and skepticism which now exists concerning the federal government intervention in Hull.

From the allegations and comments of the people, we get the impression that the federal government is no longer welcome on the Quebec side of the national capital region, and particularly so since November 15 last. It is therefore important to emphasize again the basic objectives and principles which warrant the presence and action of the federal government within the Hull area. As far as I know, Hull, the Ottawa area, and the province of Quebec as a whole still belong to the Canadian Confederation. At the conference which took place in 1969 and which dealt with the constitutional issue, it was the elected representatives of the whole of Canada, namely the first ministers of Canada, who decided of their own free will to create a national capital with areas from both sides of the Ottawa River.

● (1652)

I therefore invite all those who cried scandal and constitutional rape as soon as the government of Canada showed its presence and even its existence to suggest a more democratic and more constitutional mechanism to enable the Quebec side of the capital area to take advantage of the benefits of being in the national capital region. As the Minister of State for Federal-Provincial Relations (Mr. Lalonde) said so well on May 28, 1975, in Hull, it would perhaps be a good idea to put

the city of Hull on the calendar of virgins and martyrs to better negate the constant and legitimate demands which have been made by the whole population of Quebec and its elected representatives for the federal administration to be truly present in Quebec, in the Hull area, which demands go back to 1917. It is therefore necessary to stop suggesting that the federal government presence in Hull is only a pious wish or an exaggerated statement on the part of politicians.

The federal government made a commitment and has kept it. It is present in Hull. Not only do we intend to remain there, but throughout the years, we have decided to amplify our presence, to increase our staff, even though the present figures have been somewhat adjusted since the beginning, which means that in the future, there will be more so-called federal buildings in this area, so that despite those who do not want to recognize it, the federal government will assume sole responsibility. This systematic obstruction to the establishment of the federal government in Hull is only a form of shabby and lowly politics. I therefore invite people to be far-sighted and recognize the long-term objectives that are suggested for the establishment of a national capital area on the side of Hull.

You are certainly aware that if we look at the history of the region, before 1969, the National Capital Commission was for all practical purposes the only federal, provincial or municipal agency planning or developing anything on the Quebec side of the national capital area. Despite this technocratic vacuum, the National Capital Commission has implemented the suggestions made by French urbanist Jacques Gréber in his development plan for the federal capital. Only in 1969, as I said a moment ago, following the resolutions by the federal-provincial conference on the constitution where the premiers as well as the Prime Minister of Canada (Mr. Trudeau) agreed that the cities of Ottawa and Hull and the vicinity form the national capital area, did the governments concerned decide to have the city of Hull become part of the reality of the capital of Canada.

The adoption of that resolution was to allow the Quebec and Canadian governments to work out an operation policy and programs aimed at eliminating the many disparities and equalizing the development opportunities of the Quebec side of the national capital area. It is thus important to recall that already at that moment federal action was aiming first at a real federal presence on both sides of the Ottawa River and, second, at the needs, concerns and requirements of the people of Hull and the area. That cooperation has unfortunately not always been easy. For example, when in 1969 Ottawa decided to expropriate a district located on the Hull Island, some Quebec officials hurried to have that district expropriated by the Quebec government just before the federal expropriation, on the alleged pretext of providing needed space for building Quebec government offices.

Since then, this great Place du Centre project came painstakingly into being but actual construction work was not undertaken until there was a federal commitment to use most of the buildings. Obviously without such federal undertaking, that piece of land would have remained at best a parking site until the year 2000. Our presence and action in Hull is in no way related to an electoral speech full of stale promises. What we are bringing is a massive injection of money into the economy which will amount to $500 million by 1985. A deep sense of respect for other levels of government and people in general pervades our planning and development which is aimed at creating a national capital area for all Canadians while preserving the western Quebec character of Hull. And the principles underlying our work are simple; they are based on a selective idea to create and maintain a capital which symbolizes Canada as a nation.

Mr. Speaker, Hull had to become part of the national capital area, while assuming its role as a western Quebec metropolis if it wished to reap the social and economical benefits which can be derived from such a position. We still want to discuss the planning and development of the National Capital region with the Quebec government. As always, it is important that we set out together our mutual objectives and while building a capital city on both sides of the river, that we respect the will and interests of the various governments of that region, since, in carrying out this important task, the federal government is not an opponent, least of all an enemy, but an essential partner.

If we want to make this project a success, we must keep communications open and establish direct and frank links between the three levels of government as far as current activities are concerned. In this respect I have been rather surprised at the Quebec government's negative response to the regional community of the Outaouais over the past few months, as if the people elected to run this agency were not competent enough to fulfil their responsibilities in the much publicized issue of the filtering plant which incidentally is not over yet. This near control over the decision making process can only make the heavy hand of the bureaucracy appear even heavier at all levels and slow down the process of decisions and consequently the implementation of certain programs which will finally cause tremendous increase in the cost of these projects which will have to be borne by the overburdened local taxpayers.

And if the presence of the federal government, Mr. Speaker, has made itself clearer today, it is because since 1917, as I mentioned earlier, all elected representatives of the county of Hull and parts of that riding as mayors or aldermen have requested the federal government to spend money in their community. Everything started in 1909 with Dr. Fontaine, the then mayor of the city of Hull, who asked Ottawa improvement commission for $5,000 in order to improve the City Hall park. Then it went on, Mr. Speaker, with Mackenzie King who stated on April 6, 1927 his intention to create a federal district commission which was not supposed to restrict its work to the Ottawa side but expand it on the other side of the river as he used to say, then referring to Hull.

In 1956, Mayor Moncion appeared before the Joint Senate and House Committee on the development of the National Capital and stated: "I am pleased to address these justified remarks to the federal district commission on behalf of the

population of Hull and its city council". He also said that on several occasions the city of Hull had requested the construction of government buildings within its limits and that he was taking the opportunity to reiterate his requests. And to those who are screaming blue murder at the decision taken by federal authorities to erect government buildings on Hull sites and saying that Hull had a labour vocation, the mayor of this town said in 1956: The city of Hull, which was formerly an essentially labouring town is gradually changing in character due to its geography and it is destined to have an increasing number of people whose occupations will be in the government sector.

● (1702)

Mr. Speaker, must I remind the House once more that in 1956, when the joint committee of the Senate and the House of Commons met, the President of the chambers of commerce of western Quebec said before this committee: The share of federal buildings in the city and the region of Hull is truly pitiful. We have the printing bureau, big deal! And he went on to say: Does federal district mean that all or nearly all federal buildings will necessarily be on the Ontario side? If the federal district is homogeneous and serves the same purpose, why such discrimination? He wanted ten or more federal buildings on the Quebec side because if a series of federal buildings were to be built along the Ontario side of the Ottawa River, a series of similar buildings would have to be built on the Quebec side. And if one looks behind the National Library, one can see that Hull has completely changed since 1969.

I could quote some statements by former Hull mayor Marcel D'Amour. I could quote from former mayors like Mr. Alphonse Moussette, Mr. Raymond Brunet, Mr. Adéodat Lambert, Mr. Armand Turpin, Mr. Thomas Moncion, Mr. Henri Gauthier, Dr. Fontaine, Mr. Jean-Marie Séguin, Mr. Marcel D'Amour and even the present mayor, Mr. Rocheleau, who, as I said earlier, have all advocated these massive investments on the Quebec side of the Ottawa region. And Mr. Marcel D'Amour, then mayor of Hull, stated to the committee on the constitution in 1971: We believe that Hull, like Ottawa has the same vocation as a federal capital. And I wish to emphasize, Mr. Speaker, that contrary to what one might think, even though Ottawa is the centre of the federal government, it still has the same duties, the same obligations as any other Ontario municipality. Now, Hull might become the centre of the federal government while remaining directly under the province of Quebec's jurisdiction. Its institutions would still come under Quebec's jurisdiction just as those of Ottawa come directly under the jurisdiction of the Ontario government.

And I might quote other evidence, particularly the statements made by Mr. Jean-Marie Séguin who said precisely, as we know, that under the order pursuant to article 16 of the constitution, Ottawa is the capital of Canada. However, we believe we are included in the national capital of this country. We are convinced of that despite all legal descriptions. This is what we think.

[Mr. Isabelle.]

Mr. Speaker, one can often hear on the Quebec side that people do not want the federal government's interference or even its presence but I have gathered some statistics which have also been compiled by other media and I quote for instance from *Le Droit* which carried out a survey, on May 2, 1969, thanks to CKCH news service. Those who were responsible for this survey have published in the paper of that day a very relevant question, which might be of some help to those who are preparing the referendum in Quebec. The question reads as follows: Should Hull separate from Quebec? The question is clear enough and 83 per cent of all respondents said yes.

Second question: Would Hull benefit more from a federal district? Eighty-four per cent said yes.

I also had my own poll, which I would call a "home-made poll". On February 12, 1973, I asked a question which I sent to all electors in the federal riding of Hull. Are you in favour of regrouping the municipalities in the Hull-Ottawa area under a tripartite administration, namely federal, Quebec and Ontario? I must say that 8,159 persons sent in a reply, out of 26,616 heads of households to whom cards were sent; in other words, 32 per cent of them answered. For a poll of that kind, it was a record because few get a 32 per cent rate of respondents with that type of questionnaire. So, back to the first question: Are you in favour of regrouping the municipalities in the Hull-Ottawa area?

Mr. Speaker, 82 per cent said yes. The second question is not important because I asked: How would you call that kind of district? I must say that 26 per cent supported the national capital district. Some may say that this is ancient history, but according to a survey made by station CKCH in October 1975, during an open line program, the question was: "Would you favour a federal district or not?" An 86 per cent majority was in favour.

And referring to the earlier suggestion that for many the federal government's presence in Hull is a cultural nuisance in terms of assimilation and so on, a scientific survey was made in 1970 during the Hull mayoralty election. That survey was done by the Le sondage d'opinions du Québec. Question No. 10 was asking for the surveyed persons' opinion on the erection of federal buildings. Ninety per cent of the people surveyed stated that the erection by the federal government of office and other buildings in Hull was a good thing. Such is the will of the people in Hull. In addition, there are those who suggest daily that we should build some Great Wall of China between Ottawa and Hull. They are far from knowing the facts. Here are the facts, Mr. Speaker.

I shall not speak for the western Quebec constituencies that border mine, in other words Gatineau and Pontiac. I shall leave it to my colleagues to elaborate on the figures. But in the constituency of Hull representing the western part, Touraine, Aylmer, Deschênes, and the city of Hull, I must say that 10,385 Hull people are working in Ontario, which includes the federal government, and 2,485 work partly in Ottawa, partly in Hull. This accounts for a total 14,645 people working in Ontario. Adding the other 3,000, we get nearly 17,000 or

18,000 people working for the federal government and in Ontario. The practical conclusion therefore is that whether we like it or not, we depend on Ontario and Ottawa as a federal capital for employment in the Hull area.

● (1712)

To the present Quebec government which has been regularly sending its ministers in the Hull area to cock a snook at and to make fun of the federal government by making all sorts of statements I would not dare repeat here because they are not serious, I would say that it should go back to the history of that area which has been so long forgotten by Quebec and will still be forgotten by the present government, for we are too far away from Quebec City.

What the Quebec government wants now is a repetition of the Plains of Abraham drama, perhaps not on the military but on the intellectual field. That is why they come traipsing in Hull. They come here to flatter the people and promise them things and funds the federal government has already given them or is going to give them under shared-cost programs. They also forgot to tell them that in the last nine or ten years the federal government has given $950 million to civil servants who work in Ottawa but live in Hull and spend their money there. Everybody knows that such a massive input of money in a given area does much for the industrial and economic development of that area. It is for that reason, Mr. Speaker, that for a long time I have encouraged my colleagues from the cabinet and this House to understand the history of the national capital area so that eventually we amend section 16 of the constitution to include Hull and the area, in other words the municipalities within the national capital area so they will be part of the nation's capital.

Mr. Speaker, a few years ago the federal government amended its legislation on the reorganization of its departments when it deleted under the mention "head office" the word "Ottawa" and added the words "the area of the national capital". So, if we belong to the national capital area and if we are part of the federal capital of Canada, I do not see why we could not amend section 16 to become a "national capital". We should demonstrate to the nation what the government really wants to do as concerns biculturalism and bilingualism and even transportation—to become a kind of laboratory, the place where we experiment things before we implement them throughout Canada and this should be done within the national capital area that should be the showcase of federalism as it has been understood since 1867.

Mr. Speaker, we have been too long in the shadow. The Hull area has been for too long in a state of stagnation to go back to it, but I am afraid that is the aim of the present Quebec government. But the people from Hull and the area are confident because they know they are in the shadow of the Peace Tower and that since Confederation the protector of that small minority has always been and will always be the father of the nation, the federal government. A capital, Mr. Speaker, is not only the seat of government but also the symbol of the power and unity of a country, the home of the national spirit and we can achieve this only by amending section 16 of the constitution, something which will not require us to go to London. An order in council would be enough.

So I hope I got the message across. I know that many members from other constituencies do not really understand what is happening. Everybody is confused when the matter of the National Capital Commission is brought up. As the Fullerton report said, we are overgoverned. No generation will tolerate the political confusion which prevails in the national capital region, on both sides of the river.

I hope that future generations will cut through in order to rationalize this whole system which is an undescribable mess. I therefore invite my colleagues to address themselves to the problem of the federal presence in Hull and to the problem of the national capital region, to become more familiar with the situation so that when the matter is brought up in the future they may be in a position to make a judgment.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I see that by a recorded vote which will be due shortly the time allocated to me has been cut in half. However, I wish to mention a few important points in this very important debate on the future of our country. In the Speech from the Throne the Prime Minister (Mr. Trudeau) outlined plans and directions where his government hopes to take the Canadian nation.

My question to the people of Canada is: what confidence can we as a people have in the Trudeau government considering the economic and political crisis in which we now find ourselves? After all, this is the same Prime Minister who has been governing Canada for the past nine years. What has been the result?

We have the highest unemployment since the great depression, 8.3 per cent of our labour force out of work, over one million Canadians. For every 100 unemployed, there are only four full-time jobs available. Inflation is running at 8.3 per cent, despite the anti-inflation program. We have a cash deficit of $8 billion, and the Canadian dollar has sunk to its lowest level since the depression. As well, our economy is only operating at 92 per cent of its capacity, meaning a loss of some $16 billion a year in goods and services not produced.

To top it all off, we now have a separatist government elected in the province of Quebec which is determined to break up the country. All this has occurred under the leadership of the Prime Minister who promised Canadians in 1968 a just society and a united Canada.

What justice is there to the unemployed nickel worker in Sudbury, or to the unemployed construction worker and his family in Sault Ste. Marie? What sense of unity is there for the people of Atlantic Canada who have experienced chronically high unemployment year after year, and indeed to the young Québécois who finds himself out of a job because his province equally experiences high unemployment?

After nearly a decade of Liberal rule this country is on the verge of political breakup and economic collapse. It did not happen by accident. We did not slide into this unaware. Many of the causes of the crisis we are facing today are a direct result of the policies of the Trudeau government.

What are the causes of this record unemployment? Surely a large part of the blame has to be the fact of our dependence on a resource based industry in oil or minerals or pulp and paper. We are now at the mercy of multinational corporations which manipulate world markets and prices. One has to look no further than the situation at Sudbury with the INCO Company. We have a lack of Canadian ownership and control. Ninety-nine per cent of our oil industry is foreign owned, as is 60 per cent of our mineral industry. No wonder investment decisions and layoff decisions are beyond our control.

We also have in this country a lack of industrial planning. We are still to a large degree hewers of wood and drawers of water. Jobs, of course, are where raw materials are manufactured. What has happened so often in Canada is that Canadians take the raw materials out of the ground and ship them to another country to be manufactured. It is in that other country where jobs are created. Unless we reverse that trend and get more processing and manufacturing of our raw materials here, we will never solve our chronic problem of high unemployment. Indeed, what will happen to the people of northern Ontario when the iron ore, nickel, copper and gold start running out?

● (1722)

The third reason for our high unemployment is the deliberate policy on the part of the Prime Minister and the cabinet of dampening the economy and allowing unemployment to rise as a means of attacking inflation. Between 1974 and 1976 the economy lost $25 billion and more than 600,000 man years of employment because of this kind of policy. Under the anti-inflation program more than $300 million has been taken from the pockets of workers through wage rollbacks, and when workers have less to spend on goods and services, factories have to lay off employees and other enterprises are forced to close. Today our factories are operating at only 80 per cent of capacity, business investment is down, and bankruptcies are a record high. Is it any wonder that unemployment has reached such levels?

The cost of unemployment is enormous not only to the unemployed themselves, and to their families, but also to the average working Canadian taxpayer. Unemployment insurance payments for the first half of 1977 totalled $2.1 billion, an increase of 14 per cent from 1976, and the total cost this year is projected to be more than $4 billion. The government has to supplement the UIC fund with taxpayers' money. Further, the government has lost $17 billion in tax revenues. Since the unemployed do not pay the taxes they would be called upon to pay if they were at work, working Canadians are called upon to pay higher taxes to make up the difference. In 1976 every man, woman and child lost $520 in goods and services not produced because of unemployment.

The social costs of unemployment are equally serious—family tension, marital break-up, alcoholism, increased crime and so on. Added to this one must take into account the disillusionment of young unemployed people—46 per cent of the unemployed are under 25 years of age. The cost of unemployment is so great that unless the government takes immediate and positive action there is clearly the prospect of a terrible crisis in the months ahead. Our party has outlined in this House and elsewhere an emergency economic program to create around 300,000 jobs. Details of this program have been made known on other occasions and I do not have time to repeat them now. Suffice it to say we would redirect some of the provisions in the last budget—redirect that $1.5 billion in tax concessions which the minister gave to the large corporations into personal income tax cuts to get Canadians buying more, and factories upping production. Our program for job creation is self-financing. It would not mean more deficit financing or an increase in the tax burden imposed on working Canadians.

In addition to this emergency job creation program it is imperative we develop a long term industrial strategy for Canada so that jobs are not tied to the boom and bust cycle of our resource industries. We in northern Ontario know what boom and bust means. We have seen it decade after decade. We are all aware of the plight of the 3,500 people who are going to be forced out of work by the International Nickel Company, but I say to the people of Northern Ontario that this is only a foretaste of what will happen unless we can devise an effective industrial strategy. If we are shocked by the INCO lay-offs we shall be in for more shocks in the copper, zinc and related industries in the absence of a mineral development policy.

In 1974 the federal and provincial governments published a paper entitled "Toward a Mineral Policy for Canada" in which they outlined strategy in terms of increased diversification, processing and manufacturing of minerals here in Canada, of a greater tax return from these resources and in terms of conservation. Three years ago that policy was formulated. What has happened since then? We are not advancing. I think of Falconbridge Nickel, for example, which is now exporting nickel to Norway for refining and processing. I recall that in 1975, the Conservative provincial government of Ontario, under great pressure from the multinational mineral industry, deferred for five years a tax provision to the effect that multinationals could not deduct the cost of processing Ontario minerals abroad into account when preparing their statements of provincial mining tax owed. This was a five-year postponement of a provision designed to encourage the processing of minerals here in Canada to create jobs for Canadians.

If this was not bad enough, the Conservative government in Ontario gave Falconbridge Nickel, which is processing nickel in Norway, a four-year exemption from a new Ontario requirement that ores be processed here in Canada.

Falconbridge and the other companies always threaten they will shift their operations and investment elsewhere if taxes are

too high. But it is evident from what I have said that the government has no coherent development strategy to require the mineral industry to accept Canadian development priorities. My suggestion is that we set up a federal-provincial mineral export planning council to co-ordinate government bargaining and planning with respect to this industry so that there will be no repetition of the INCO lay offs in Sudbury and elsewhere.

What was the other policy objective? It was to secure a greater return to the people of Canada from taxes for the resources which belong to them. What a joke that has been! The mineral industry has got off very lightly compared to other sectors of our economy in terms of taxation. Eric Kierans has demonstrated in his report to the Manitoba government that between 1965 and 1970 they were given $2.5 billion in tax concessions. And what have we to show for that? International Nickel developing mines in Guatemala and Indonesia and laying off Canadian workers! We have got to end this kind of corporate tax concession and impose a tax regime which ensures that development occurs here in this country and that jobs are provided for Canadians.

There have been too many band-aid approaches to job creation in this country. Canada Works and DREE grants are not going to do what is needed. We need a co-ordinated plan for industrial development. We must reverse this trend to exporting all our raw materials; they must be manufactured and processed here in Canada.

I therefore move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That the amendment be amended by inserting immediately after the word "markets", the following words:

"all of which is clearly demonstrated by the Government's failure to develop a particular strategy for Canada's nickel industry which has resulted in INCO's recently announced lay-offs at Sudbury, Thompson and Port Colborne,"

● (1732)

The Acting Speaker (Mr. Turner): It being 5.30 o'clock p.m. it is my duty, pursuant to section (4) of Standing Order 38, to interrupt these proceedings and to put forthwith all questions necessary to dispose of the amendments before the House. The question is on the amendment to the amendment (Mr. Symes). Is it the pleasure of the House to adopt the amendment to the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the amendment to the amendment will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment to the amendment (Mr. Symes) which was negatived on the following division:

(Division No. 3)

YEAS

Messrs.

Alexander
Allard
Baker (Grenville-Carleton)
Bawden
Beatty
Beaudoin
Blackburn
Brewin
Brisco
Broadbent
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crosbie
Crouse
Darling
Diefenbaker
Dinsdale
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Epp
Fraser
Friesen
Gillies
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hees
Hnatyshyn
Howie
Hurlburt
Jarvis
Kempling
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Edmonton West)
La Salle
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacKay
Macquarrie
Malone
Marshall
Masniuk
Matte
Mazankowski
McCleave
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Murta
Neil
Nystrom
Oberle
Peters
Pigott (Mrs.)
Ritchie
Rodriguez
Rondeau
Schellenberger
Schumacher
Scott
Skoreyko
Smith (Churchill)
Stanfield
Stewart (Marquette)
Symes
Towers
Wenman
Whittaker
Wise
Woolliams
Yewchuk—76.

NAYS

Messrs.

Allmand
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blaker
Blouin
Boulanger
Breau
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Drury
Duclos
Dupras
Ethier
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Goodale
Goyer
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Harquail
Herbert
Holt (Mrs.)
Isabelle
Joyal
Kaplan
Lajoie
Lalonde
Lamontagne
Landers
Langlois

Messrs.

Laniel
Lapointe
Lavoie
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
Macdonald (Rosedale)
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Pelletier
Penner
Philbrook
Pinard
Portelance
Poulin
Railton
Raines
Reid
Roberts
Robinson
Roy (Timmins)
Roy (Laval)
Stanbury
Stewart (Cochrane)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—111.

● (1742)

Mr. Speaker: I therefore declare the amendment to the amendment lost.

Amendment to the amendment (Mr. Symes) negatived.

Mr. Speaker: The question therefore is on the amendment of the hon. member for Battle River (Mr. Malone).

● (1752)

The House divided on the amendment (Mr. Malone) which was negatived on the following division:

(Division No. 4)

YEAS

Messrs.

Alexander
Allard
Baker (Grenville-Carleton)
Bawden
Beatty
Beaudoin
Blackburn
Brewin
Brisco
Broadbent
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crosbie
Crouse
Darling
Diefenbaker
Dinsdale
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Epp
Fraser
Friesen
Gillies
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hees
Hnatyshyn
Howie
Hurlburt
Jarvis
Kempling
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Edmonton West)
La Salle
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacKay
Macquarrie
Malone
Marshall
Masniuk
Matte
Mazankowski
McCleave
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Murta
Neil
Nystrom
Oberle
Peters
Pigott (Mrs.)
Ritchie
Rodriguez
Rondeau
Schellenberger
Schumacher
Scott
Skoreyko
Smith (Churchill)
Stanfield
Stewart (Marquette)
Symes
Towers
Wenman
Whittaker
Wise
Woolliams
Yewchuk—76.

NAYS

Messrs.

Allmand
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blaker
Blouin
Boulanger
Breau
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Drury
Duclos
Dupras
Ethier
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Goodale
Goyer
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Harquail
Herbert
Holt (Mrs.)
Isabelle
Joyal
Kaplan
Lajoie
Lalonde
Lamontagne
Landers
Langlois
Laniel
Lapointe
Lavoie
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
Macdonald (Rosedale)
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Pelletier
Penner
Philbrook
Pinard
Portelance
Poulin
Railton
Raines
Reid
Roberts
Robinson
Roy (Timmins)
Roy (Laval)
Stanbury
Stewart (Cochrane)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—111.

● (1802)

Mr. Speaker: I therefore declare the amendment lost.

Amendment (Mr. Malone) negatived.

Mr. Speaker: It being after six o'clock this House stands adjourned until tomorrow morning at eleven o'clock, pursuant to Standing Order 2(2).

At 6.05 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, October 27, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

HEALTH

REQUEST FOR ACTION TO IMPROVE STANDARDS OF RESEARCH—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask leave to move a motion on a matter of urgent and pressing necessity. In view of the government's appalling lack of concern with respect to health research in Canada as elaborated in the remarks of Nobel Prize winner Dr. Gerhard Herzberg at the recent conference of Canadians for Health Research, and having regard to the stress laid by Dr. Herzberg on the need for the better funding of health research, I move, seconded by the hon. member for Oxford (Mr. Halliday):

That the government take action to bring health research in this country up to international standards so that Canadians may enjoy healthier and longer lives.

Mr. Speaker: Standing Order 43 requires unanimous consent to the presentation of such a motion for debate. Is there unanimous consent?

Some hon. Members: No!

* * *

TRADE

SUGGESTED REGULATION OF IMPORTATION OF MEAT—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under Standing Order 43 to put forward a motion on a matter of urgent and pressing necessity. It is consequent upon the near-unanimous support given in the House of Commons and by producer groups concerned in favour of a beef import policy. I move, seconded by the hon. member for Elgin (Mr. Wise):

That Canada adopt a long term beef import policy and that as soon as possible parliament enact legislation to regulate the importation of beef, veal and live slaughter-cattle.

Mr. Speaker: Presentation of such a motion for discussion at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No!

LABOUR CONDITIONS

PROPOSED MEETING WITH OFFICIALS OF NORANDA MINES TO AVOID LAY-OFFS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering that Noranda Mines Limited has announced lay-offs of approximately 500 employees during recent weeks and considering that Mr. John White, manager of Noranda's copper mine at Murdochville is now talking openly about the possibility of further substantial lay-offs in a few months time, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House instruct the government to meet with senior officials of this company as soon as possible to develop a program which will avoid the possibility of further lay-offs.

Mr. Speaker: Standing Order 43 requires the unanimous consent of the House before such a motion can be presented for debate. Is there unanimous consent?

Some hon. Members: No!

* * *

[*Translation*]

ENERGY

REQUEST FOR INCREASED AID FOR RESEARCH FOR NEW FORMS OF ENERGY—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to discuss an important matter of pressing necessity.

Considering the gradual depletion of traditional forms of energy and since it is necessary to find immediately other adequate forms of energy to maintain the rate of progress and development, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That the government remove its budget restrictions and substantially increase its financial contribution to scientific research aimed at the discovery of new forms of energy.

Mr. Speaker: Under the provisions of Standing Order 43, the presentation of such motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

INFORMATION

REQUEST FOR LEGISLATION GUARANTEEING FREEDOM OF ACCESS—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 to put forward a motion on a matter of urgent necessity. In the light of the report of the North-South Institute chaired by the distinguished former Secretary-General of the Commonwealth, Arnold C. Smith, concerning the Third World and Canada's performance in which it is concluded that study and debate on international development have been badly hampered by an unreasonably restricted approach to the provision of information by the federal government, I move, seconded by the hon. member for Egmont (Mr. MacDonald):

That this House direct the Secretary of State to introduce effective freedom of information legislation without further delay.

Mr. Speaker: Presentation of such a motion can be made at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: No!

* * *

● (1112)

REGIONAL ECONOMIC EXPANSION

SUGGESTION AID BE PROVIDED FOR KOOTENAY AREA OF BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent necessity. In view of the fact that the general development agreement between the federal government and the province of British Columbia clearly identifies three specific geographic areas of British Columbia for special assistance under the DREE program, and in view of the fact that one of these three areas, namely the Kootenays, has been ignored for special assistance in the latest series of federal government sub-agreements, I move, seconded by the hon. member for Okanagan-Kootenay (Mr. Johnston):

That the minister responsible for DREE immediately begin discussions with the province of British Columbia with a view to providing the forms of economic assistance which are of a priority nature in the east and west Kootenays.

Mr. Speaker: Presentation of such a motion pursuant to the Standing Order requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

TRANSPORT

FAILURE TO IMPLEMENT PROMISE OF AID FOR URBAN TRANSPORT—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provision of Standing Order 43, and seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), I move:

That this House notes with regret that the urban transportation assistance program announced yesterday by the Minister of Transport (Mr. Lang) represents only a transfer of funds from other programs already in existence and is thus a complete denial of the election promise of 1974 which was to have involved $290 million of new money to enable urban communities to solve serious transit problems; and this House condemns the government for its callous disregard of its solemn promises to the people of Canada.

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, André Fortin, Esq., the member for the electoral district of Lotbinière, by death. Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for that electoral district.

ORAL QUESTION PERIOD

[*English*]

INDUSTRY

REQUEST FOR GUARANTEE CANADIAN STEEL USED IN CONSTRUCTION OF NORTHERN PIPELINE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce. I would remind him of the Prime Minister's speech in which he indicated that the building of a pipeline would mean something like some $4 billion to Canadians, would include 100,000 man years of work and involve over one million tons of steel. Is the minister now aware of the very serious questions being raised regarding the lack of guarantees for the use of Canadian steel in the pipeline? In this regard I would ask the minister whether the pipeline contract will be open to international bidding or will the bidding on the Canadian portion of the pipeline be restricted to Canadian interests?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, new legislation is currently being drafted. With regard to the Canadian content aspect, this is now under the National Energy Board's authority and they have clearly stated that opportunity to Canadians to bid will be given every preference. I might add that we are capable of rolling 48 inch, 52 inch and 54 inch pipe in Canada and that practically all of the pipe requirements can be produced in Canada, which I should like to see happen.

Mr. Alexander: A supplementary question, Mr. Speaker. In his usual way the minister has ignored my question. In light of the fact that the agreement calls for implicit understandings—which does not mean a thing to me—and refers to being competitive, and given the fact that the minister has said Canadian interests will be given every opportunity, which means that some room is left open for international bidding, can the minister advise, together with his colleague the Minister of Energy, Mines and Resources, whether he will see to it that there will be guarantees in order to protect the interests of our steel industry and those who provide goods and services which play a major part in this pipeline?

Mr. Horner: Mr. Speaker, I said that Canadian content will be optimized as far as practicable. If we can do it all, we will do it all. If that overheats the steel mills and we find ourselves far out of competition with world steel prices, then we may have to rely on some help. I can assure the hon. member that the legislation which will come before the House will spell out specifically the opportunities Canadian sources will have to supply our Canadian pipe.

• (1117)

Some hon. Members: Hear, hear!

Mr. Alexander: Mr. Speaker, I am glad the hon. Minister referred to the word "competitive". Is the minister aware of the fact that the United States Senate, which will have to approve this agreement, is very concerned about the slump in the steel industry in that country? Is the minister aware of the fact that there is a task force on steel in the United States of America which can, in the end result, mean that there will be further tax concessions and government involvement in order to make the steel industry of the United States more viable and competitive? When the minister talks about whether or not we are going to be competitive, is he prepared to recommend to the Minister of Energy, Mines and Resources and the Prime Minister that Canadian companies should be and must be as competitive if such an eventuality occurs in the United States?

Mr. Baker (Grenville-Carleton): What is he going to do about it?

Mr. Horner: Mr. Speaker, naturally we want to retain an atmosphere in which Canadian companies will remain competitive with the United States. I can assure the hon. member that some of the news reports with regard to American desires have been very erroneous with respect to the pipeline agreement.

* * *

FINANCE

REQUEST FOR DETAILS OF $150 MILLION JOB CREATION PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question for the Minister of Finance. Last week the minister announced a $150 million additional fund for job creation. A few days ago the Minister of Employment and Immigration told the House that that money would not be used under any of the job creation programs administered by him.

Can the Minister of Finance tell the House how that money will be spent, where the money is coming from, and notwithstanding the desperate need for job creation in this country, can he assure the House that the money will not come out of the pockets of old age pensioners and recipients of family allowances?

Some hon. Members: Oh, oh!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member is asking me a very large question.

Mr. Baker (Grenville-Carleton): Give us a large answer.

Mr. Chrétien: The $150 million would be applicable through the FLIP program which operates within the government to create jobs.

An hon. Member: Flipflop.

Mr. Chrétien: This year it will be based on the locations and levels of unemployment and so on. Every department will be submitting propositions to the President of the Treasury Board, and the allocations will be made there. Of course, we have the money within the federal budget that was laid out by my predecessor in April. A rearrangement of the priorities of the government is being done at this time within the Treasury Board. If there is any announcement about it, it will be made by the President of the Treasury Board. I think the hon. member is not accomplishing anything by spreading false rumours about old age pensions and so on.

Mr. McGrath: Mr. Speaker, the minister should take up the question of false rumours with his Minister of National Health and Welfare, where the rumour came from in the first place.

Some hon. Members: Hear, hear!

Miss Bégin: No way.

Mr. Hnatyshyn: Apologize.

Mr. McGrath: Given the one million plus unemployment in this country, and given the fact that we have now substantial

lay-offs and pending lay-offs in the mining industry, can the minister give the House and the country his assurance that this $150 million will not be used in the Liberal pork barrel fund, as was the case in phase II of job creation where Liberal ridings received $300,000 more than Conservative ridings, and as was the case in the government's relocation program where all relocated civil servants went to Liberal ridings?

An hon. Member: Order.

Mr. Chrétien: Mr. Speaker, I think the hon. member should be ashamed to rise in the House when the hon. member for Humber-St. George's-St. Barbe and the hon. member for Churchill are claiming to have the greatest allocation of that kind of money.

An hon. Member: Answer the question.

Some hon. Members: Hear, hear!

Mr. McGrath: Mr. Speaker, my final supplementary is: Is the minister prepared to assure this House that he will give priority, in the allocation of this $150 million, to areas which have been struck by lay-offs because of the policies of this government, given the lay-offs in the mining industry, the projected lay-offs in the mining industry and the impact of this on industry towns?

Mr. Chrétien: Mr. Speaker, the hon. member is shifting ground very rapidly, but this money will be allocated strictly in accordance with the areas of unemployment in the land.

Mr. Alexander: The Prime Minister was laughing throughout that exchange.

Mr. Hnatyshyn: It is not very funny, Pierre.

* * *

● (1122)

TRADE

CANADA-UNITED STATES AUTO PACT—ALLEGED IMPROPER REMISSION OF DUTIES

Mr. Edward Broadbent (Oshawa-Whitby): I have a question for the Minister of Industry, Trade and Commerce: Is the minister aware of the fact that the cabinet has recently allowed three of the major auto companies in Canada $336 million in duty remissions to which they were not entitled under the terms of the auto pact because these companies did not live up to their obligation to create the requisite number of jobs in Canada? Is he aware of the fact that the cabinet made these decisions in flat contradiction of the provisions of the auto pact and, if he is aware of it, as the new minister will he promise the House that this kind of decision will not be repeated in the future?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I am rapidly becoming aware of the Broadbent statistics.

[Mr. McGrath.]

Some hon. Members: Oh, oh!

Mr. Horner: The House was previously aware of the Martin bureau of statistics; now it is the Broadbent bureau of statistics. The $336 million has been given out since the beginning of the auto pact, and all of that money has not gone to the three majors; some of it has gone to other than the three majors over a period of years. One of them was a truck company which is not in the auto pact, but we are going along with the remission because it is manufacturing in Canada. In my view, the hon. member's suggestion that the $336 million has been given out to the three majors in recent years is completely erroneous.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I repeat the minister's own phrase "in recent years during the course of the auto pact". If the minister is not happy with my figures, I ask him to read the reports of the Auditor General of Canada. That is my source of the figures.

Mr. Horner: The Auditor General does not say it was $336 million to three major companies.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. If the hon. member has a supplementary question, will he put it forthwith?

CANADA-UNITED STATES AUTO PACT—REQUEST FOR ASSURANCE CANADA PRODUCES PROPER SHARE OF AUTO PARTS

Mr. Edward Broadbent (Oshawa-Whitby): I was just going to say, Mr. Speaker, that the sheep should check their facts before they cheer the minister because he is dead wrong.

My facts come from the minister's department and my question to the minister is about the present production of auto parts in Canada related to the consumption. Recent figures show we have been consuming in parts—I ask the minister not to confuse it with vehicles—some 12 per cent of the parts produced in Canada, but we produce only 7 per cent.

Some hon. Members: Order.

Mr. Broadbent: The Canadian Automotive Parts Association and others have calculated that we are losing thousands of jobs because of this discrepancy. What steps is the minister taking now to remove that gap and to ensure that Canadian auto workers produce at least their share of the parts we consume in this country?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Let me make it abundantly clear for the hon. member that in the automotive trade, in complete automobile units, we have a net surplus over the United States of $1.5 billion. In the parts trade we have a minus of $2.6 million.

Mr. Broadbent: Heading for $3 billion.

Mr. Horner: Heading for $3 million, according to the Broadbent bureau of statistics. I told the hon. member some weeks ago that we were meeting with the three major companies to see whether or not we could manufacture more parts in Canada. If time permits me, I will be meeting with one of them this afternoon to see whether or not we could have more parts manufactured in Canada. But we have to realize that the net goal is a balance of both units and parts in both countries. In other words, to make a deal it has to be good for both sides.

Some hon. Members: Hear, hear!

● (1127)

Mr. Broadbent: Mr. Speaker, the minister's commitment to a balance is really very encouraging, but I ask him to read the report prepared in his department and tabled in the House last spring.

Mr. Horner: That was before the 90 cent dollar.

Mr. Broadbent: In view of the fact that the report produced within his department shows that Canada is by no means getting its fair share from the auto pact, if we combine both parts and assembled vehicles, what is the minister putting before the heads of the major auto companies who are now in the process of negotiating contracts for parts production for next year's models? Is he insisting that we get our share of jobs?

Mr. Horner: Mr. Speaker, that is exactly what we are insisting. I told the hon. member that we are meeting with them, and I will meet with one of them this afternoon. That is exactly what we will be putting forward.

* * *

[*Translation*]

INDUSTRY

ACTION TO AVOID SHUTDOWN OF WAYAGAMACK

Mr. René Matte (Champlain): Mr. Speaker, my question being directed either to the Minister of Industry, Trade and Commerce or to the Minister of Finance, they will have to decide who will reply. In view of the very serious job crisis, it is always a painful experience to see firms such as the Wayagamack Company, in Cap-de-la-Madeleine, shut down their operations and lay off hundreds of workers. Could the minister advise the House whether he has looked into the case of this company, and explain why the federal government has done nothing to prevent the closing of this plant?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we are making every effort. My department is meeting with the officials of that plant and of several others to see what steps can be taken to keep them open.

[*Translation*]

Mr. Matte: Mr. Speaker, I want to ask a supplementary. I surely cannot be satisfied with such an answer since the company is now closing down. The problem is so urgent that I would like to put my question to the Minister of Industry, Trade and Commerce or the Minister of Finance since it is happening in his area and, moreover, he was previously responsible for that department. Besides, I know the Minister of Finance should be more aware of the problem. So, could he give us a much more concrete answer about the urgent problem of the Wayagamack closing down?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am indeed aware of that case which was considered last summer. However, pulp and paper matters come specifically under provincial jurisdiction since they control the whole pulp and paper industry within the province; they have considered the case and supported the company's decision to close down. It was thus difficult for us to override the province's decision.

* * *

[*English*]

SCIENCE AND TECHNOLOGY

DATE OF IMPLEMENTATION OF RECOMMENDATION OF SENATE COMMITTEE ON SCIENCE POLICY

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is for the Minister of State for Science and Technology, but he seems to have stepped out for the moment. Perhaps the Prime Minister would be good enough to answer the question for me.

My question refers to the fourth report of the special committee of the Senate on science policy, which is a scathing indictment of the government's failure in science policy. It begins with these words: "Throughout the years in Canada the stated science policy objectives of the government have not been those it implemented". When will the government implement recommendations made in this and earlier reports, particularly with regard to more resources for research and development and increased use of applied research in industries and universities?

[*Translation*]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I recognize the matter is of some importance but for my part I have not had the opportunity to read the report of which the hon. member speaks. I am convinced the minister has read it. I shall convey the question of the hon. member to the minister.

POSSIBILITY OF INCREASING GRANTS FOR RESEARCH—GOVERNMENT POSITION

Mr. Roch La Salle (Joliette): Mr. Speaker, I, too, am sorry the responsible minister is absent. My question is therefore directed to the right hon. Prime Minister.

Keeping in mind the very categorical statements and recommendations made in this report, the Lamontagne committee

now accuses the government of having jeopardized the research potential in Canada by slashing research expenditures in an effort to fight inflation.

As credits and recommendations made a few years ago represented 2.5 per cent of the gross national product, which have now gone down to 1 per cent, it seems very clear, Mr. Speaker, that the committee report urgently requests additional funds proportionate to the problems we know.

Can the right hon. Prime Minister tell us specifically whether he intends or not to recommend that, in the next budget, a positive reply be given to recommendations which strike me as very serious and which have not been made by a Conservative?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in answer to a previous question I said that the matter is extremely important, that representations have been made to me personally by several members of the scientific community. We are all aware, of course, of the necessity for that community to forge ahead as quickly as possible. But the matter of funds provided by the government is always one of which the opposition is always aware as we are. The opposition always asks the government to cut down expenditures first and foremost. We did not reduce budgets in the field of science. We have merely increased them at a lower rate, and that has been the policy of the government in practically all fields.

Mr. La Salle: Mr. Speaker, yesterday we asked a number of questions concerning our economic situation as well as the lay-offs and we are concerned about the lack of precise answers. Today the right hon. Prime Minister showed good intentions about those recommendations and I think he agrees with us. It is obvious that this report shows there is not enough financing and research, and that directly relates to job creation. Could the Prime Minister tell the House whether he intends to make personal recommendations at least to his Minister of Finance so that the next budget will include precise answers to these recommendations? In short, does he intend to respond to these recommendations of the committee, yes or no?

Mr. Trudeau: Mr. Speaker, a precise answer will obviously be given in the Blue Paper Book which will be tabled in this House at the usual time. The hon. member will then be able to see the amount of money we spend in the scientific field. What I say is that we are not always able to give to all sectors, scientific, artistic, educational or others, all they are asking for. We have to use in a rational way the taxpayer's money and try to make the best use of it in every field. We cannot fully satisfy everybody's desires.

• (1132)

[*English*]

PERFORMING ARTS

DATE OF ANNOUNCEMENT OF POLICY ON FEATURE FILMS—PROTECTION OF CANADIAN INTERESTS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State and relates to the present state of the feature film industry in this country. As the minister knows, the distribution of feature films in Canada is tightly controlled by seven American companies which receive 93 per cent of all film rental receipts in this country which last year amounted to some $63 million in profit. Can the minister indicate in light of the present discussion and concern about the film industry, when we will have a new policy which has as its cornerstone the principle that reasonable profits from the exhibition and distribution of films in Canada should be used to support the production of new Canadian and not foreign films?

Hon. John Roberts (Secretary of State): Mr. Speaker, may I first say how much I welcome this question. It is very rarely that questions are posed to me about cultural policy. I think this is a very important aspect of the government's activities. In relation to film policy, I agree entirely with the hon. member that questions of distribution are key to a resolution of the problems which the industry faces. There are proposals which the government is now considering and I hope to be able to make an announcement before the end of this year as to the policy the government will pursue.

Mr. MacDonald (Egmont): In light of a major article in last Sunday's *New York Times* with the intriguing headline "Will the next Robert Redford have to be Canadian?" And quoting a financial consultant—

Mr. Trudeau: Perhaps George Hees.

Mr. MacDonald (Egmont): There might be a screen test for a number of hon. members, Your Honour. The financial consultant to Columbia Pictures was quoted as saying with regard to the effect on the United States film industry, that one likely effect is that "Canada will go from being an irrelevant source of film production to being one of the major film producing countries in the world." In light of this probable influx of American film-making can the minister guarantee that his new film policy will provide government assistance only for those films whose financial and creative control rests with Canadians, and particularly, will the definition of a Canadian film eligible for funding or tax assistance be tightened to specify that the production company itself must be Canadian?

Mr. Roberts: Mr. Speaker, the arrangement we now have, in a sense, assures that. The formula arrangements for the capital cost write-off require a very strong degree of Canadian participation. There are the joint production arrangements in which there may be occasions when the control of the production company is not in Canadian hands. These are areas we are

looking at. I think I should wait until the whole package of policy proposals is complete before I reply to that particular aspect of it.

As for a Canadian being the next Robert Redford, I would certainly be able to hold out that opportunity. I would suggest to hon. members opposite that they may be looking for alternative careers after the next election. I will make representations on their behalf—undoubtedly for the parts of villains.

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EXTERNAL AFFAIRS

ARMS EMBARGO AGAINST SOUTH AFRICA—CONSULTATION WITH UNITED STATES

Hon. Robert Stanbury (York-Scarborough): Mr. Speaker, may I put a question to the Prime Minister. Can the Prime Minister advise the House whether or not he has been consulted by President Carter on the United States' initiative in the United Nations Security Council for a mandatory arms embargo against South Africa, and does the Canadian government now favour such a mandatory embargo as the United States apparently does?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when I saw President Carter in September we did talk about the subject, but he did not give me any advance notice of this particular move.

* * *

INFORMATION

REQUEST FOR LEGISLATION GUARANTEEING FREEDOM OF ACCESS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question to the Secretary of State relates to the government's position on freedom of information. A report has been released today by the North-South Institute which reveals, among other things, that it was badly hampered by an unreasonably restrictive approach and inexcusable obstacles and by real or fancied security classifications by Canadian officials in its search for even the most basic information. This topic has been studied over and over again by committees and by the government. Will the minister undertake to bring forward without delay effective freedom of information legislation in this House so that we can dispose of it in this session of parliament?

Hon. John Roberts (Secretary of State): Mr. Speaker, I would be glad to have the information to which the hon. member referred. I think it is most improbable that the analysis he described is a true analysis of the situation. In relation to the second part of his question, I have promised to have the government's green paper referred to the joint committee so that we would have their views on the questions it raises before bringing in legislation. I would not be anxious to go back on my word when I had made that commitment. I think the proper course would be for us to propose legislation to the House after we have received the recommendations of that committee on the basis of the green paper report.

Mr. Hnatyshyn: A supplementary question, to the Prime Minister, Mr. Speaker. I assure the minister there will be the utmost support from members on this side to expedite that process but I still think it is obligatory for the government to come forward and not continue its delay of effective freedom of information legislation. The North-South Institute rates as unsatisfactory the government's development of a comprehensive and organic approach to development co-operation. Could the Prime Minister tell the House what immediate steps he intends to take to rectify this situation and in addition what his position is with respect to freedom of information legislation so that we can dispose of it in this session at a very early date?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I repeat the answer given by the Secretary of State. We want to proceed with legislation at an early date but we must have the comments of the opposition in the committee process. I believe I heard from the Leader of the Opposition the other day that the other side was not prepared to put anything constructive forward—maybe it was the hon. member for Grenville-Carleton. I see they are very anxious to put something forward now and we will look at it.

* * *

BUSINESS OF THE HOUSE

SUGGESTION COMMITTEES BE CONSTITUTED—REFERENCE OF GREEN PAPER ON FREEDOM OF INFORMATION

Mr. Walter Baker (Grenville-Carleton): A supplementary question, Mr. Speaker. Would the Prime Minister, as head of the government, undertake now to use his good offices to insure that the appropriate committees are constituted and the joint committee is constituted and the green paper on freedom of information referred to that committee immediately? I assure the Prime Minister he will have the cooperation in that study from the official opposition.

● (1142)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I welcome that very constructive suggestion. What the House leader intends to do, and we expect him back at the beginning of the week, is put before the opposition a package of proposals so that members on both sides can expeditiously use to the maximum benefit the time between now and the Christmas adjournment. There is a limited number of days. We would like the cooperation of all parties to try to program the time available in order to pass the maximum amount of measures, particularly on the economic side but not excluding such measures as freedom of information.

Oral Questions

EXTERNAL AFFAIRS

IMPRISONMENT OF FOUR DISSIDENTS BY CZECHOSLOVAKIA—POSSIBILITY OF CANADIAN PROTEST

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in the absence of the Secretary of State for External Affairs, I will direct my question to the Prime Minister. I think the Prime Minister's deep interest in fundamental freedoms fully qualifies him to answer the question. Is Canada making any protest to the government of Czechoslovakia with regard to the conviction and imprisonment of four dissidents whose sole offence appears to have been their support of the principles of freedoms expressed by the Helsinki agreement, this at a time when Czechoslovakia and Canada, both signatories to the Helsinki agreement, were meeting at Belgrade to discuss the extension and strengthening of the freedoms set out in the Helsinki charter?

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Yes, indeed, Mr. Speaker, the views of the Canadian government have been forcefully expressed in that specific area.

[*English*]

NAMIBIA—CANADIAN ACTION WITH REGARD TO ILLEGAL OCCUPATION BY SOUTH AFRICA

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my supplementary is also addressed to the Prime Minister. He may not choose to answer it, but I would like to address it to him nevertheless. It is supplementary to the question of the hon. member for York-Scarborough. I am not particularly concerned with what the President of the United States proposes to do about sanctions against the South African government in respect of their illegal occupation of Namibia. What I would like to know is what Canada proposes to do in this matter.

Right Hon. P. E. Trudeau (Prime Minister): On the first part of the question, Mr. Speaker, I remind the hon. member that the parliamentary secretary who answers is answering in the absence of his minister. That is quite usual practice in this House. He answered quite properly that the department had made strong representations.

On the second question, I stated in my earlier answer that a large part of my discussions in September when I met President Carter were on the whole problem of Africa and that we reviewed in some detail the situation there, but particularly with regard to Namibia, we reviewed the role of the Group of Five, of which Canada is a member, in order to bring to a peaceful solution the problem of Namibia. We are making progress. We hope we will be successful with the Canadian initiative.

[Mr. Trudeau.]

[*Translation*]

NATIONAL CAPITAL COMMISSION

FEDERAL PARTICIPATION IN CONSTRUCTION OF HIGHWAY 50 IN QUEBEC

Mr. Gaston Clermont (Gatineau): Mr. Speaker, I have a question for the minister responsible for the National Capital Commission, namely the Minister of State for Urban Affairs.

Could he tell the House whether construction on Highway 50, within the Green Belt, will start in the fall? If so, what will be the federal participation in these works?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the Quebec public works minister and the provincial member, Mr. Alfred, recently gloated over the construction of that highway. They forgot to mention that it was thanks to an agreement signed with the former Liberal government in Quebec, in 1972, that such projects can be achieved and that the NCC will in fact contribute 50 per cent of the cost.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

POSSIBILITY OF AGREEMENT TO AID CASTLEGAR, BRITISH COLUMBIA—GOVERNMENT POSITION

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is to the Minister of Regional Economic Expansion. In view of the minister's assurances to myself and to the mayor of Castlegar that there would be some provision in the recent subagreements signed with British Columbia to resolve the critical water shortage in Castlegar, and in view of the fact that a senior official of the minister's department has now indicated there are no provisions in these subagreements of any significant assistance to that city, is the minister now prepared to actively pursue a subagreement for Castlegar similar to the one which he signed for Fort Nelson?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, if I recall correctly, I never said there would be a specific reference for Castlegar in the subagreement. What I in fact said was that the subagreement will be a program to correct most of the problems whereby both governments will be able to get involved in such projects if both governments decide this is the project that should be given priority. To say that we have launched into new negotiations for a specific program for a specific city, I am not in a position to do that today.

Mr. Brisco: In view of the fact the economy of Kootenay West is now demonstrating an upturn against the national trend, and in view of the fact that that upturn depends in no small measure on a guaranteed water supply for Castlegar on which another $500 million injection into the local economy is also dependent, will the minister now reconsider his answer

and address himself to the possibility of a subagreement of $3 million for the city of Castlegar?

[*Translation*]

Mr. Lessard: Mr. Speaker, I would like to repeat to the hon. member that when we had those discussions, I agreed with him and the provincial minister that if there was a need in that region, the province should submit it to us within the agreement which was signed and which provides for the possibility of interventions though not necessarily oriented towards the central element of this need that is a new water system. However, there might be other formulas through the present agreement which would allow us to solve at least partly the problem about which the hon. member is concerned.

However, on the whole, the agreement applies to this entire part of the province. I would like to correct the false impression that he may have created by saying that Kootenay West is not excluded from the agreement that has been signed.

* * *

[*English*]

TOURISM

PROPOSED REDUCTION IN TAX ON GASOLINE AND CHANGE IN AIR FARE STRUCTURE TO AID INDUSTRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. The minister spoke to the tourist industry in Toronto yesterday, pointing out that tourism is now Canada's largest single employer. It has a huge deficit this year in the travel account, almost $2 billion. The minister pointed out that travel costs are too high in Canada compared to the United States, air fares are too high and gasoline at the pump too expensive. Does the minister agree with the government's policy of moving to the world price for oil in view of his remarks or, in the alternative, will the government accept the suggestion of the tourist industry that the federal excise tax on a gallon of gasoline be reduced from ten cents to three cents to help with this problem?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, it is always gratifying to know that the opposition reads my speeches.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Horner: With regard to the increase in Canadian prices in an attempt to reach world oil prices, the purpose is to encourage exploration so that we might perhaps reach the point in Canada of being able to boast that we are self-sufficient in oil and gas. I hope we have that capability and I hope we are able to do it.

With regard to the ten cent tax on gasoline, it has been disadvantageous to the tourist industry in Canada. However, I think recent increases in gasoline prices in the United States will put us in balance with that country. The value of our dollar today at 90 cents will encourage more American tourists to visit Canada. I think I can quite confidently say that next year the tourist trade imbalance will be considerably smaller than this year and the previous years.

Mr. Crosbie: I always enjoy reading the minister's speeches, although he said yesterday he had no specific answers to the problems in the tourist industry. Air travel is much more expensive than abroad. In fact, to go from Toronto to Quebec, the consumer cost per mile is 400 per cent greater than to go from Toronto to Miami or Toronto to London. Will the minister take up with the Minister of Transport this ridiculous fare structure in Canada to get it changed so that Canadians will be encouraged to travel at home rather than to foreign countries?

Mr. Horner: Mr. Speaker, there is hope for everybody. If the hon. member had read a little further in that speech, he would have seen that I and my department clearly advocate that we want domestic advance charter bookings for Canadians travelling in Canada. The department has gone before the CTC. The CTC has finished their hearings on it. We expect a decision relatively soon, hopefully within the next couple of weeks.

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PUBLIC SERVANTS STAFF RELATIONS ACT

POSSIBILITY AMENDMENTS WILL BE INTRODUCED

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the Prime Minister. A week ago the hon. member for Ottawa West raised the question of whether any amendments would be forthcoming to the Public Servants Staff Relations Act? Could the right hon. gentleman advise the House whether amendments are coming forward this session and, if not, why not?

● (1152)

Right Hon. P. E. Trudeau (Prime Minister): The government will have to move amendments to that Act but I cannot undertake to say, now, at what point in the session they will be moved, whether in the first part or the second part, or, indeed, whether they will be moved at all in this session of parliament. It would depend upon the work program which the House leader is discussing with the other parties.

Mr. Fraser: Is there any reason why this item has not been placed on a priority list? After all, it is almost four years since the Finkelman report came down. Those affected are employees of the government and I think they are entitled to know what is going to happen and what the extensive Commons and Senate committee of inquiry achieved and when the recommendations will be put into effect. As time goes on, those findings may be less relevant to the situation than they are now.

Mr. Trudeau: I agree with the hon. member that this is a priority question and I can tell him that it is on a priority list. I repeat what was said in the Speech from the Throne and what I have said since: in the first part of this session, we shall be dealing essentially with economic matters, budget bills and so on, and if we can proceed expeditiously with those matters we shall have time in the second part of the session to deal with other priorities such as the one mentioned by the hon. member.

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POST OFFICE

DISCONTINUANCE OF SATURDAY DELIVERY TO RURAL BOXHOLDERS—GOVERNMENT POSITION

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Postmaster General. For some time, now, there have been rumours that the Post Office Department intends to discontinue Saturday delivery to rural boxholders. I do not believe the minister intends to do this, and I do not know how the rumour got started. Saturday mail is very important to rural boxholders; it affects delivery of the newspaper, which some of them get only on Saturdays. Can the minister confirm or deny that he plans to discontinue Saturday delivery to rural boxholders?

Hon. J.-J. Blais (Postmaster General): I do not know where the rumour started either. In terms of the area in which the hon. gentleman lives, there is no plan afoot to cut back rural delivery.

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CENTRAL MORTGAGE AND HOUSING CORPORATION

MANITOBA—QUESTIONNAIRE CONCERNING SALE OF SENIOR CITIZENS' HOMES

Mr. Jake Epp (Provencher): Mr. Speaker, I should like to direct my question to the Minister of State for Urban Affairs. It has to do with a questionnaire which was prepared by CMHC and circulated to senior citizens in Manitoba in which senior citizens were asked whether they would consider selling their homes to the government with the proviso that the government would allow them to continue to live in those homes as long as they wished. Is it CMHC policy to buy the homes of Manitoba senior citizens and then to place those senior citizens in public housing?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, this is not a policy of the corporation but an investigation carried out by a few social workers in that province simply for study purposes, with a view perhaps towards advising the government on new policies to assist in the construction of housing or the use of existing houses to offer more economical housing to senior citizens.

[*English*]

Mr. Epp: The minister tells us that the questionnaire was prepared by social workers. The fact of the matter is that the envelope is directed right back to the CMHC. Since this questionnaire is such as to intimidate senior citizens in Manitoba, would the hon. gentleman make an unequivocal statement that it is not the policy of the government to take away homes, the only security these people have, and place these senior citizens in public housing, as has been suggested on various occasions?

[*Translation*]

Mr. Ouellet: Mr. Speaker, if the hon. member believes that we want to deprive citizens of their houses, he is completely mistaken. I can immediately assure him that we have no such intention. However, I do not see why the hon. member blames the Central Mortgage and Housing Corporation for co-operating with people who want to find new solutions to offer more housing to senior citizens and at less cost. I believe this action is quite justified and easy to explain.

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MANPOWER

IMPENDING LAY-OFFS AT NEW BRUNSWICK MINING AND SMELTING—POSSIBLE APPLICATION OF SHARED-WORK PROGRAM

Mr. Herb Breau (Gloucester): Mr. Speaker, my question is for the Minister of Employment and Immigration. In view of the intention of the Brunswick Mining & Smelting Company, near Bathurst, in New Brunswick, a subsidiary of Noranda Mines, to reduce its staff by about 200 employees, can the minister tell the House whether he will ensure that the work-sharing program now provided under the Unemployment Insurance Act is offered to the employees and the company so as to avoid lay-offs? Can the minister also tell the House when the provisions of the act which provide for this program will be proclaimed?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Immediately upon receiving this information I ascertained that, fortuitously, my deputy minister was in the area. He did discuss the whole matter with both management and labour as well as with the deputy minister of labour for the province, indicating the resources which were available and which could be made available. In addition, I have had conversations with Premier Hatfield who has been successful in extending the lay-off timetable for a couple of weeks, I believe, so that we can look into the whole matter. We are examining it in some detail.

GOVERNMENT ADMINISTRATION

ALLEGED EXCESSIVE EXPENDITURES ON HOSPITALITY AND TAXIS—GOVERNMENT POSITION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Thank you, Mr. Speaker. In the absence of the President of the Treasury Board I will pose my question to the Minister of Finance. In view of the fact that the government has imposed strict controls on working people, on business people, can he tell the House whether he is aware that figures released to me by the government show that the government annually spends more than $5.5 million on hospitality and about $2 million on taxis? If so, would he not agree that these uncontrolled expenditures show that the government has one standard for itself and another much tougher standard for people in the rest of the country?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the President of the Treasury Board is absent from the House because he is on a business trip. Of course, there are always expenses incurred by the government. Would the hon. member tell us if he absolutely wants us to cut all those things; for instance, there is the matter of taxis. Some employees, both men and women, are forced to work in the evening. There may be no bus service available at that time so the government must respect the collective agreements and supply a means of transportation. We should perhaps try to control them a little more closely but we developed some years ago a new system which further restricts the opportunity for employees to use taxis, and we always look very closely at this kind of expense.

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[*English*]

POST OFFICE

ALLEGED EXCESSIVE EXPENDITURE ON TELEGRAMS—GOVERNMENT POSITION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Apparently the minister is satisfied that this $7.5 million is being well spent; he will have a hard time convincing the Canadian people, though.

My supplementary question is to the Postmaster General. In view of the massive Post Office deficit, may I ask whether the Postmaster General is aware that the government's bill for telegrams and cables in 1975 was more than $6 million and included expenditures of about $200,000 each for the Departments of Transport, Public Works, and Fisheries and the Environment? Is he aware that his own department, which regularly spends vast amounts to promote an increased use of the mails, spent more than $180,000 on telegrams and cables?

Hon. J.-J. Blais (Postmaster General): We are well aware we are facing competition from faster services in the telecommunications area. That is the reality we are facing. Canada has one of the most sophisticated telecommunications systems in the world and the hon. gentleman is surely not insisting that in terms of administering the Post Office we ought not to be able to use the faster telecommunications system as in the same way as other citizens in the country?

[*Translation*]

Mr. Speaker, the Post Office is obviously a system for mail delivery, and there will be delays from time to time. Thus as a department, we cannot be prevented from using other quick means of telecommunications, like any Canadian, given that we have in Canada one of the most sophisticated and most developed telecommunication systems in the world.

* * *

[*English*]

INDUSTRY

SHIPBUILDING—DATE OF ANNOUNCEMENT OF AID PROGRAM

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, my question is addressed to the Minister of Industry, Trade and Commerce. Back in March, the minister who then held the hon. gentleman's portfolio stated that in October of this year, which is now, an announcement would be made of further assistance to our ailing shipbuilding industry in Canada. Is the minister now in a position to give some indication as to what measures of assistance the government will be taking to aid this very important industry so that every effort is made to maintain the 16,000 direct jobs and the 45,000 directly related jobs in the industry?

• (1202)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I intend to announce very soon continued support for the shipbuilding industry.

Mr. Mitges: A supplementary question, Mr. Speaker. I thank the minister very much for the answer but, whatever that aid may be, will he give serious consideration to matching the assistance which offshore shipbuilding companies are receiving from their governments so that our shipbuilding companies can compete on a more equal footing in tendering for orders?

Mr. Horner: Mr. Speaker, we are well aware of the various forms of assistance which other countries are giving their shipbuilding industry and we are trying to offset that as much as we can.

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VETERANS AFFAIRS

REQUEST FOR INCREASE IN BASIC PENSION—GOVERNMENT POSITION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs based on the answer that he gave yesterday to my friend the hon. member for Humber-St. George's-St. Barbe to the effect that veterans on disability pensions will have to be satisfied

with an increase in January based on the rise in the consumer price index. In view of the fact that that answer fails to recognize that it is precisely because veterans' disability pensions have been increased only in accordance with the CPI that the gap of more than $500 per year has developed between the level that was set three or four years ago in relation to five categories in the public service and the amount that veterans are receiving. In view of all this, will the minister ask his cabinet colleagues to reconsider the urgent representations of veterans' organizations for the closing of that gap?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, as I indicated yesterday to my colleague for Humber-St. George's-St. Barbe, the government has considered this. I tried to explain yesterday that due to fiscal restraints the veterans will receive the cost of living index as of January. I also want to leave the impression with the House of Commons that when fiscal conditions become a little better the government will certainly be looking at this again.

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Will the minister, either by bringing in legislation or in some other way, make the necessary arrangements so that these matters can be referred to the Standing Committee on Veterans Affairs and the government can have the views of that committee on this matter, on the question of the pension of widows, on World War I prisoners of war, and so on? Can we have some discussion in the committee at an early date?

Mr. MacDonald (Cardigan): I do not see any reason why this cannot be entertained, Mr. Speaker.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRIME MINISTER OF GUYANA

Mr. Speaker: Order, please. I know hon. members would want to join with me in calling attention to the presence in our gallery of a very distinguished visitor in the person of the Prime Minister of the Republic of Guyana, the Honourable L. F. S. Burnham.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. BROADBENT—ALLEGED INACCURACIES IN PRIME MINISTER'S STATEMENTS CONCERNING INCO

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a question of privilege which pertains to the answers given in the House two days ago by the Prime Minister. I understand that he could not be here yesterday for the obvious reason that he was greeting our distinguished guest at the airport, and I see that he has to leave now. That is unfortunate but I will raise the point in any case because it concerns a serious factual piece of misinformation relating to the serious situation being faced by thousands of workers who are being laid off by INCO. The Prime Minister misinformed the House not once, not twice, but three times on Tuesday. I should like to make three points and deal with each of them because the errors are serious indeed. He either misinformed the House deliberately or inadvertently, but whichever it was the record ought to be cleared up and made accurate.

Firstly, Mr. Speaker, in response to a question which I asked concerning INCO'S overseas developments, the Prime Minister said, as reported at page 217 of *Hansard* for Tuesday:

> The fact is that the Guatemalan production is not expected to come in until 1979.

Then later in response to another question—I give this just to show that 1979 was not a slip but that he obviously intended to say 1979—he said:

> I have clear information to the effect that Guatemalan production will not reach the market until 1979.

Well, Mr. Speaker, unfortunately that is not the situation. When INCO announced that nearly 4,000 Canadian jobs would disappear, it also stated in the same announcement that Indonesian mines are continuing to be developed. Specifically, in regard to Guatemala, which is the point of the Prime Minister's answer, INCO stated, and I quote:

> Plant construction of the . . . project in Guatemala is basically complete with the fuel oil storage facility and other support items to be completed in the near future. The plant is in the start-up phase and has also produced nickel matte meeting product specification.

Then, this is the crucial sentence:

> Commercial level production is expected to be achieved in the second quarter of 1978.

Not in 1979, as the Prime Minister said, but in the second quarter of 1978, Mr. Speaker, three months after the lay-offs are to go into effect in Sudbury and elsewhere in Canada. So, the Prime Minister is clearly wrong.

Secondly, with reference to cutbacks the Prime Minister said, as reported at the same page of *Hansard*:

> —INCO plans a reduction in Canada of 15 per cent of its operations, whereas it plans reductions abroad of some 30 percent.

That is what the Prime Minister said on Tuesday and in terms of jobs this is a completely inaccurate statement. INCO is eliminating almost 4,000 jobs in Canada but no—I repeat no—jobs are being lost in INCO'S overseas developments. I suggested that in the House on Tuesday and it was confirmed, subsequent to the Prime Minister's answer in the House, on the telephone by people on my staff with INCO corporation officials, either yesterday or the day before. I repeat that INCO concludes that there are no job reductions in Guatemala or Indonesia; there are job reductions here in Canada.

The third point that I would make concerns the Prime Minister's response to my suggestion of a stockpile. I suggested that the federal government, in dealing with this crisis, undertake steps to ensure the preservation of some jobs for a foreseeable period in the future, on the ground that it makes

more sense to accumulate stockpiles like this and sell them off than it does to pay some $22 million out in unemployment insurance claims. In response to my suggestion of a stockpile the Prime Minister said that INCO has stockpiled for a period of 12 to 14 months, and as reported at page 217 he went on to say:

> The question is: how much longer does the Leader of the New Democratic Party want the stockpiling to go on?

Here, Mr. Speaker, I will simply say that the Prime Minister's statement, if not factually wrong, is very misleading in terms of what was being proposed. They have been stockpiling—

Mr. Speaker: With respect, I have been listening carefully to the question of privilege raised by the hon. member. On the first two aspects, he is dealing with the factual correctness of statements made during the question period, which I have traditionally allowed by way of a question of privilege. It seems to me that on his third point he is now launching into an area of disagreement or into a different interpretation to be put, which would not fall within a question of privilege. On the first two aspects, I have respected his right to raise a factual incorrectness by way of a question of privilege in order to give the Prime Minister an opportunity to correct the record.

Mr. Broadbent: Mr. Speaker, I accept your ruling, of course, and I will not proceed with the third point, which is a matter of interpretation. I respectfully suggest that the two other points are very serious indeed and that the Prime Minister ought to clarify and correct the record.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, The Prime Minister would like to apologize; he has had to go to meet with the Prime Minister of Guyana so he would like to reserve his position in replying to the point made by the hon. member. I think we are always subject to differences of view, but I personally was present at the meeting before the announcement was made. I heard some of the facts stated by the Prime Minister in his reply and they were mentioned by the company throughout. Obviously, we were not talking to the same people within INCO, and we will have to check who is right. Evidently, we have received information from different sources.

● (1212)

MR. McGRATH—CLOSING OF FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—MINISTER'S REPLY

Mr. James A. McGrath (St. John's East): Mr. Speaker, my point of order refers to a question of privilege raised by the hon. member for St. John's West (Mr. Crosbie) yesterday arising out of an answer by the Minister of Finance (Mr. Chrétien) to my question. The record has to be corrected, and more importantly, because of the uncertainty facing the people of St. Lawrence, Newfoundland, they deserve some direct response from the government of Canada as to the recommendation made to the government of Newfoundland in regard to tariffs and ways and means of protecting the jobs of those people who are facing the consequences of a shutdown by Alcan.

In response to the hon. member for St. John's West, the minister indicated that it was not his intention to mislead the House. I am sure the minister realizes the gravity and seriousness of the situation. As reported at page 291 of *Hansard* dated October 26, 1977, the Minister of Finance is quoted as saying:

> If I can provide an answer to both hon. members I will do so tomorrow or the day after.

In view of the fact that this is a serious matter, I wonder if the minister is prepared to correct the record now.

Mr. Speaker: If the minister is prepared to correct the record, I would suggest he ought to do so with the consent of the House, which I presume will be forthcoming under the circumstances. Does the House consent to the minister making that correction?

Some hon. Members: Agreed.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have looked into the possibility of imposing a duty on fluorspar. The fluorspar which is imported will not be used in the same fashion as the fluorspar produced in Newfoundland. Therefore, the situation will not change. The matter is being investigated.

In regard to the future of this operation in St. John's, I did not realize all the aspects of the question yesterday. The hon. member should be informed that there have been consultations among the company, the provincial government of Newfoundland and the federal government. We have agreed to share the cost of a study being conducted in Newfoundland by a specialist from England. At this time there are discussions among the Department of Industry, Trade and Commerce, the Department of Regional Economic Expansion, the Department of Energy, Mines and Resources, the provincial authorities and Alcan in order to find the reason the operation must stop, and if there is any solution in order to maintain the operation.

Yesterday I was confusing this problem with another problem. I was aware of the problem, but at that point I did not realize it was the St. Lawrence operation.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT—CHANGE IN HOURS OF SITTING DURING NOVEMBER

Mr. Baker (Grenville-Carleton): Mr. Speaker, in the absence of the government House leader, whom I understand is still quite ill, I wonder if I might ask the deputy House leader the government's intention with respect to House business. Perhaps he can inform the House regarding the discussions the House leader and I have had with respect of certain temporary changes in hours and rules, which I understand are agreeable to all parties.

Mr. Knowles (Winnipeg North Centre): What about the business for next week?

Mr. Baker (Grenville-Carleton): I was including the business for next week, that goes without saying.

Mr. Cafik: Mr. Speaker, I should like to apologize to the other House leaders in that I have not been able to fulfil my expected intention which was announced last week. When I talked with them individually regarding the business before the House, I anticipated the government House leader would have returned to this Chamber by now. Therefore, that is the reason for my intention not being fulfilled.

I think I am about as sick as the government House leader at the present time; but the business of the House which will be called for Monday is the Canada Elections Act. Hopefully that will be dealt with in one day. It is not too controversial, but it is an important piece of legislation which needs to be passed expeditiously. Following that, we will deal with the report stage of the Air Canada bill and the Corporations and Labour Unions Returns Act. At the same time, when the Income Tax bill is brought before the House, it will take precedence over the bills I have announced already.

In so far as the other negotiations which have taken place earlier this day, they relate to three specific areas: first, a limitation on debate for the balance of the throne speech to 20 minutes, which has been agreed to by all House leaders; second, the possibility of a deferred vote, any vote which may be called tomorrow to be deferred until 9.45 p.m. on Tuesday next; and, third, relating to the hours of sitting during the month of November.

In regard to this latter point, I was approached as to whether we would sit next Friday because of the impending Progressive Conservative national convention. It is customary that we take cognizance of these things and adjust our schedule. In order to accommodate that, and the other matters I have referred to, I believe Your Honour will get unanimous agreement to the following order:

That, notwithstanding any Standing or Special Order, the House shall not sit November 4, 1977; and

That the House shall adjourn at 6:00 p.m. on November 3, 1977 and November 10, 1977; and

That, during the month of November, 1977, the ordinary time of daily adjournment shall be 10:30 p.m. on Mondays, Tuesdays and Thursdays and 6:30 p.m. on Wednesdays, provided that, on Mondays, Tuesdays and Thursdays, proceedings pursuant to Standing Order 40 shall be taken up between 6:00 p.m. and 6:30 p.m.; and

That, for the remainder of the Debate on the motion for an Address in Reply to the Speech from the Throne, no member shall speak for more than twenty minutes and, if a division is demanded on the said motion, it shall be deferred to 9:45 p.m., November 1, 1977.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we seem to be dealing with two things. First, we have questions about House business, and second, we have the proposed motion that the deputy House leader has just presented.

Under the heading of House business, may I ask the deputy House leader whether he has had any discussions with the government House leader concerning a bill respecting Heritage Day. We have been promised this legislation for three or four years now. When one asked questions about it in the early part of the year, he was told that February was a long way off. February is only four months away now, and I should like to know whether there will be legislation in this session with respect to Heritage Day, and will it be brought forward in time for it to be in effect in February, 1978?

[Mr. Baker (Grenville-Carleton).]

With respect to the proposed motion regarding the hours of sitting, my party is in agreement with it. The main purpose for the cancelling of the sittings next Thursday night and Friday has to do with the Progressive Conservative Party convention which will be held in Quebec City. This is a courtesy which is usually extended to all parties. Certainly my party goes along with it. As a matter of fact, on the assumption that the convention might receive some television coverage, there would be pretty tough competition between this House and the Tory convention at the same time. So, I guess it is just as well for us to give the Tories the air.

With regard to the proposal that speeches be limited to 20 minutes for the remainder of the debate on the Address in Reply to the Speech from the Throne, we are prepared to agree to that as well. I would like to enter a caveat or make this comment, however, that we are having our usual difficulties getting places for all the speakers whom we think we should have, and since the purpose of cutting down speeches to 20 minutes is to get as many in as possible, my agreement to that is based on the fact that we would like to be sure of one speaker today and one speaker tomorrow. We are not asking for any additional speakers but we do not think we should be prevented from having members of our party who are entitled to it take part in this debate. But on that understanding, we are prepared to agree to the motion that is put. I hope I can have an answer about Heritage Day, Mr. Speaker.

• (1222)

Mr. Speaker: As the House knows, the motion has to be presented at this time with the consent of the House because there has been no notice given. Furthermore, the House would have to deal with it only with consent, so I do not think we need a discussion of the conditions or agreements. However, the caveat was well advertised.

The House has listened carefully to the proposed motion put forward by the deputy House leader. Its terms relate to clear events relating to the Conservative convention and, following that, to the ability of members to participate in Cenotaph ceremonies on November 11 and then for 20 minutes in the remaining speeches in the debate on the Address in Reply.

Does the House consent to dealing with this motion at present?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the House to adopt the motion of the deputy House leader?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would like to thank the deputy government House leader and my colleagues on both sides of the House for the courtesy they have extended to our party.

Mr. Cafik: Mr. Speaker, I think I should rise to respond to the question put by the House leader of the NDP. He wanted to know if any discussions had been held with the House leader in respect of Heritage Day. To be quite specific, no, no discussions have been held directly between me and the House leader. But discussions have been held and I think this matter would be dealt with more appropriately by the Secretary of State (Mr. Roberts) under whose office this bill would normally proceed. Perhaps he might be allowed to answer that question.

Mr. Roberts: Mr. Speaker, I think the hon. member knows of my own very strong desire to proceed with the implementation of the legislation which had been presented to the House in past sessions, although not passed. It is therefore with considerable regret that I have to tell him that, in view of the economic implications of the legislation, it is not the intention of the government to proceed with it in the coming session of parliament.

Mr. Knowles (Winnipeg North Centre): Another broken promise!

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a point of order relating to the business of the House in the interests of efficiency. Next week we are beginning to consider government legislation, the first item of which is Bill C-5, some 100 pages in length. Would it be possible for the government to give serious consideration to including an index in such bills, particularly major ones, in order that members can make much more efficient use of them? Our current procedure in presenting bills, sometimes of great length, without any index makes it cumbersome and time consuming to use these documents. I think it would not involve too much trouble in the future if these bills were printed with a workable index.

Mr. Cafik: I would simply indicate that the concern expressed by the hon. member for Egmont (Mr. MacDonald) is one that I, as a backbencher, have shared. Until such time as there is a new form of presentation of bills, I think that the committee to which the bill is referred should in fact turn over its own staff to try to arrange the bill in such a manner that it is more easily and expeditiously dealt with.

Mr. Marshall: Mr. Speaker, my point of order has to do with the announcement of the deputy House leader on the traditional statement prior to November 11. As you will recall, last year there were interferences in the form of questions of privilege and points of order which caused embarrassment across the country. I think it should be guaranteed that the statement by the minister on Remembrance Day take place at a certain time and take precedence over any other business of the House.

Mr. Cafik: I will simply respond, not by way of making a commitment, but by saying that discussions have been undertaken on whether the minister should in fact make his statement immediately at the opening of that particular day preceding the question period and for the question period to be extended beyond that period to make up for the difference in time. No decision has been made, but I can assure hon. members that I am quite aware of the concerns they have expressed and I hope an agreement can be reached to accommodate that type of arrangement.

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION PROGRAM

TABLING OF REPORTS SENT TO ADMINISTRATOR

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act, I wish to table in both official languages copies of reports sent to the Administrator by the Anti-Inflation Board.

* * *

CANADA LABOUR CODE

AMENDMENTS TO CERTAIN SECTIONS OF THE ACT

Hon. John C. Munro (Minister of Labour) moved for leave to introduce Bill C-8, entitled "An Act to amend the Canada Labour Code".

Motion agreed to, bill read the first time and ordered to be printed.

* * *

THE SPEECH FROM THE THRONE

[*Translation*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Wednesday, October 26, consideration of the motion of Mr. Dennis Dawson for an address to Her Majesty the Queen in reply to the speech at the opening of the session.

Mr. Claude Tessier (Compton): Mr. Speaker, the obligation and the duty for elected representatives to intervene periodically and more officially in this House have been today vested in me. I express my gratitude to the Prime Minister for the confidence he thus places in me. All citizens in Compton riding also appreciate that mark of confidence regarding their desire to make the reality known to all Canada, unfortunate though it may be.

Those preoccupations and the avenue open to them today would appear sterile and outrageous for some 70,000 of my fellow citizens from the province of Quebec if they endorsed without question the position of the government and particularly of the party to which I belong.

Would anyone dare presume of my convictions regarding my chief, my colleagues, my allegiance? I do not think so. Mr. Speaker, even if my modest contribution to the ideal we are striving for were in the denunciation of its weaknesses, I would be convinced to have honestly contributed and offered what I have left of sincerity as member of a party and as a member of the institution of the Parliament of Canada.

Compton riding would figure favourably in a global analysis of the situation in Quebec on the cultural, social and economic aspects. The population of Compton is 80 per cent Francophone and 20 per cent Anglophone. The level of unemployment is one of the highest in the country and we have no hope of an economic recovery as our economy has long been in a state of stagnation. The existing industry steadily curtails its operations and it seems almost impossible to get new markets.

The direct allusion made by Her Majesty in her Speech from the Throne concerning the imminence of feelings like alienation, hostility and resentment caused by a possible lack of stability and equity is now part of day-to-day reactions in my riding.

● (1232)

Mr. Speaker, although I loudly voice my appreciation, this does not mean that I do not endorse the views of hundreds of my fellow-citizens who fight constantly against the departure of our young people, the phasing out and reduction of our essential services such as rail transportation and even the postal services in some cases. Among other things and with the help of the federal government those generous citizens promoted a tourist resort in Coaticook and an outdoor recreational area in Lake Megantic that are practically unique in Quebec as regards their location and their size.

It is with satisfaction as well that I welcome the recent action taken by a few businessmen and some 360 factory workers to preserve Waterville's source of livelihood and its right to work. It is a perfect example that enables me to reassert my confidence in private enterprises while urging the government to support equitably.

Mr. Speaker, like most hon. members, I cannot dissociate the Speech from the Throne from the economic and fiscal statement of the Minister of Finance (Mr. Chrétien). In fact, both statements appear to me as related and complementary.

The federal government can only prove its good intentions by showing positively and unequivocally its will to stimulate our economy as a whole. What about the proposals put forward by the Minister of Finance? Although commendable, do they really take into account the prime purpose, which is to establish an adequate infrastructure for the creation of permanent jobs? Unfortunately, we cannot overlook the three factors which, as the Minister of Finance stated, hinder our growth—the relative weakness of our export markets, the high cost of our production, mainly due to ever increasing wage demands, and the loss of confidence brought about by our slow growth and the political uncertainty resulting from our threatened national unity.

I recognize that these problems are not peculiar to our country. However, whereas experts are considering development models for some third world countries, we fail to take in our country a systematic approach to strengthen our own economic structure, and this often under the pretence that we are rich and that our per capita income is higher than that of most other nations.

Mr. Speaker, the constituency of Compton wants to express today its dissatisfaction at the failure or incapacity of existing formulas to meet its need to survive economically. The problem lies in the incapacity of the government to conceive the existence of the rural environment. And yet, it exists and many feel that it offers some characteristics likely to facilitate the planning of tomorrow's society. There more than anywhere else, the physical and human environment still conveys our sense of belonging and our desire to participate in the social development of our community.

Should I stress officially the necessity of creating a department of rural development or some other body—the kind that our fathers called, quite rightly, the department of colonization, even though this term is now somewhat obsolete and has a bad connotation—at the risk of being taxed with disrespect in the history of our country of which we claim to be the actors? Of course, bureaucracy does not put up very well with such a justification, but you will agree with me that Canada means more than Montreal or Toronto and that non-metropolitan areas now provide the best conditions in which to attain our goals of social and economic development.

While Montreal is overpopulated and congested, East Angus is losing its people, with the danger of becoming a depressed area. The pulp and paper industry, one of the biggest sores in the constituency of Compton, needs the federal government to take an immediate stand. In that respect, the Quebec scheme seems to me to be very well thought out, and even our serene silence itself is no longer acceptable. The federal government must take a sensible and courageous position. Consultation between the various parties involved in this debate is both desirable and needed. The federal authorities have the legal right to act. Let us therefore recognize our clear responsibility to the thousands of workers who gave up as much as 40 years of their lives, only to fall victims of our silence at 55.

On the other hand, the textile industry is entitled to the protective measures announced in December 76 by the then Minister of Industry, Trade and Commerce, Mr. Chrétien. In a joint release issued last week, the Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of Finance (Mr. Chrétien) announced that negotiations would be held on bilateral protective agreements for a three-year period. That industry wished that the extension of those protective measures be immediately confirmed, so that they may go ahead and plan their production and marketing resources on a sound basis. This is not too much to ask in order to ensure the

stability of this vital sector of the economy of Compton and the Eastern Townships as a whole.

Mr. Speaker, the reference in the throne speech to the food industry warrants special attention. I have a duty to focus on it in view of the agricultural nature of my constituency and my awareness that the federal government will have very delicate responsibilities to assume in the coming months. I also have a conviction that certain farming groups will be listening to my remarks as much as they did to the simple reference in the throne speech to certain actions. I am also certain that my remarks will inform the government of certain facts, and such information will no doubt cause controversy among those mainly concerned.

Mr. Speaker, we must welcome a policy promoting agricultural development through a better utilization of our food industry's capacity. I also endorse any initiative to promote the convening of a national food conference in order to develop a strategy for the Canadian food sector. Such a conference will also insist on better information of producers, consumers and processors. It should also give renewed significance to a balanced representation at the marketing board level.

This, however, leads me to question certain apprehensions. They have to do with the role and the status of farm producers themselves, and any initiative by the federal government will have to be based on consultation with them. Here is why: they are the ones producing and the government must make sure they get a fair return for that production.

Our agricultural sector is considered as one to be copied by several other producing countries. I was myself informed during the consultations at Brussels of the envy felt by certain member countries of the European Community, and I would like here, Mr. Speaker, to elaborate on those doubts I expressed a moment ago. They have to do with the Canadian dairy policy. It would be regrettable indeed if a reputation so dearly acquired should be tarnished by a malaise that is now being felt by the government and the producers themselves.

In that sense, I do admit that some readjustments are necessary in the very short run, otherwise open pressures would be warranted to have a public inquiry carried out on the administration and publication of marketing quotas for the next four years. It seems obvious on this day that very questionable practices have crept into the distribution of those quotas and that those responsible for such an usurpation—often producers representatives themselves—are causing enormous financial harm to the majority of those producers whose honesty however is unquestioned. The awareness of that breach of right is starting to poison the relationships between the producers and the federal government, and that, Mr. Speaker, is unacceptable. The cause of the malaise is identified and that is the most relevant reason for having such an inquiry and at least the need to rethink the membership of the supply management committee. The principle of equity will then have to underly that required operation in terms of producers representation.

That will result in a more vigilant awareness of producers with respect to their official organizations and the dangers inherent in such a system, however democratic it may be, will be better controlled. It would be regrettable indeed, Mr. Speaker, if after blaming us for everything the producers were to start accusing one another.

● (1242)

[*English*]

These are my precise views on the matters which we should discuss within the next months. National unity requires that all our efforts be directed to implementing decent measures to insure stability and equity in the economy of Canada and to guarantee the support of the population of Compton riding in an eventual consultation on the benefits to Quebec of its participation in the Canadian political evolution. It is absolutely necessary that the federal government protect the integrity of Canada and propose, as I mentioned, concrete amendments to answer legitimate rights and feasible aspirations of the Québecers, and of all other provinces.

[*Translation*]

Mr. Speaker, all the frustrations generated by three centuries of cultural confusion in Quebec make it more than ever necessary for all levels of government to approach this issue with an open and understanding mind. The political development of this beloved country of ours requires a positive attitude as well as ready acceptance of a reality that is challenging us, both as members of parliament and as private citizens. What are the solutions? There are some inasmuch as the very foundations of Canadian unity will be perceived as concrete realities by the Canadian people. In this matter, it is up to the federal government to substantiate or refute the views of those who question the basis of confederation. In trying to justify its existence, the federal government should not simply argue that it is the living symbol of the Canadian nation. Instead of indulging in such sophistry, it should endeavour to demonstrate the respective merits of centralization versus decentralization and account for its past and present policies. In this sense, cooperation between the federal and provincial secretariats appears essential in order to clarify or avoid the dualism which is at the root of our recent political evolution now being in jeopardy.

The present situation offers us the choice between several options, but it should not in any case justify our absence from several frontlines on which we are being attacked. It is imperative that immediate formulas provide for a louder presence of the various caucuses of Parliament in order to weaken a political strategy through which certain political authorities in Quebec intend to influence public opinion and try to make us appear as unable to consider any kind of changes.

Mr. Speaker, the present circumstances and the Speech from the Throne invite us to affirm clearly our presence as the spokesmen for a way of being which is indispensable to reach the objectives which the post-war generation has set for itself, a passionate generation to which I belong and whose need for clear-cut solutions I echo. One can therefore deduct from this affirmation that our young people should have a say in the coming decisions which will affect them. It is a legitimate

concern after all. Let it then be explained at last that the very normal feeling of belonging to a culture and social ideals is not—and by far—incompatible with cooperation with other people from different origins whose aspirations are often the same. Let it be explained again the true reason for the existence of Canada, and we should never fear to insist too much about that, by testimonies going beyond the cult of personalities, thereby stressing the personal responsibility that each of us have in this matter. Let us finally claim, as members of the Quebec caucus, that respect which is now lacking. In short let the voices of its elected representatives in this House reflect Quebec as a distinct and special entity. And let the Lower Canada of the past century represent in the statutes of today and tomorrow the true status of Quebecers. That is my intimate perception of the existence of Canada.

Mr. Speaker, that firmness which we must embody, I shall conclude on the major importance for regions such as the one I represent in this House to have access to the mechanisms of interventionism. That, I suggest, is a corollary to the feeling of participation in the Canadian community. Let our calamity become a reasonable challenge, let the creation of permanent jobs become a major concern for this House. Let harmony and vigour become our obligation for the forthcoming years. And if necessary, Mr. Speaker, we should be ready to coerce those Canadians who inherited, sometimes unwillingly, those leadership reflexes at the cultural, political or economic level. Those Canadians, maybe more than others, have a responsibility towards their countrymen and the first law they must abide by is that of mutual help and tolerance.

[*English*]

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is a privilege to participate in the debate on the address in reply to the Speech from the Throne. At the outset, I should like to express my appreciation and also congratulations to the two hon. members who moved and seconded the Speech from the Throne, the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood). We were honoured to have Her Majesty read the Speech from the Throne and it is an event that members of parliament will remember all their days. I am not so enthusiastic about the contents of the speech. When I say that, I believe I am voicing the opinion of a great many people in Canada.

● (1252)

I congratulate the Minister of Finance (Mr. Chrétien) on accepting the criticism and pressure put on government by many Canadians with regard to the iniquitous legislation which would have taxed life insurance proceeds. I received a great deal of mail condemning that proposal. Had that legislation been passed, we would have been the only country in the world taxing the proceeds of life insurance. It would have meant robbing the widows and orphans. I congratulate the government on that.

The government has finally recognized that the average Canadian is highly overtaxed. I do not know how many millions of dollars are involved, but tax reductions of $100 are being given to the ordinary taxpayers. This amounts to a little under $2 a week. It is a small enough amount, but at least it is a step in the right direction. But to pretend that it is a solution to our great economic problems is absolutely ridiculous. Canadians are fed up. They do not want handouts or short-term goodies. Why does the government not come up with serious solutions to end this economic uncertainty? The opinion of a great many people is that it is afraid to do that. The Minister of Finance made ever so slight suggestions that mistakes have been made in the past. Let's call a spade a spade. The Liberal government is responsible for the miserable state of our economy.

The latest depressing sequel to this economic mess is massive layoffs at INCO plants in Sudbury, Thompson, Manitoba, in the constituency of the hon. member for Churchill (Mr. Smith), and Port Colborne. This will have drastic effects on the economies in those areas. I hope that something can be done to save those jobs which are so important not only to the workers and their families, but to the entire community.

Down through the years the government has provided assistance to big business. Certainly assistance to many businesses is necessary. I do not believe you have to put all your eggs in one basket. We should not put our entire faith and all our resources at the disposal of big business. We should give more assistance to small business. Small business provides 60 per cent of the jobs, the majority of jobs in this country. It accounts for more than 50 per cent of the value of business that is generated. I believe our gross national product is in the neighbourhood of $200 billion. I am sure most members will agree that this vital part of our economy was virtually ignored in the Speech from the Throne as well as in the minibudget which the Minister of Finance presented to the House last Thursday.

We do not have an overall policy dealing with small business and the problems relating to it. The United States has a very significant program geared to small business. Those who were in the House last week when our spokesman for small business participated in the debate heard the hon. member for High Park-Humber Valley (Mr. Jelinek) spell out the suggestions which the Conservative party recommends to assist small business.

As a rural member of parliament, I received innumerable calls from small businessmen. This morning I received a call from a businessman asking about the advantageous interest rates on small business loans. According to the government, this is something wonderful. It was extolled by the previous Minister of Finance. However, when it comes down to the cold, hard facts, when you are in the office of the bank manager, the advantageous rates for small business loans seem to be far off in never, never land. I hope the government will do something in this session to ensure that money is available to small business establishments at reasonable rates.

I believe that the rates of the Federal Business Development Bank are down slightly. This businessman who called me this morning had a $25,000 loan approved and processed a year ago at 12 per cent. He is trying to get the interest rate

adjusted. I assume that under his contract he is locked into a 12 per cent rate for the duration of the loan. When interest rates come down, the Federal Business Development Bank should be able to adjust rates to assist the small businessman. That is certainly worthy of consideration and, I hope, approval.

The Minister of Finance was pre-empted by the Prime Minister with regard to the $150 million that is to be pumped into the economy. We are still not clear how this will be administered and who will receive it. In a statement today, the Minister of Finance said it was going to certain departments. Possibly government agencies and departments will pump the money into various parts of the economy where the need is greatest. With a projected $4 billion bill for unemployment insurance before the year is over, it will certainly be needed.

There has been much talk about the auto pact. From Canada's point of view, we are now an importer of auto parts. I am aware that the auto pact is a two-way street. There have been many heated questions, including today, on this very important segment of our economy.

Despite the fact that I represent the paradise vacationland of Canada, Parry Sound-Muskoka, there are some very good industries in my constituency. There are two plants which provide auto parts for the various automobile companies. One plant in particular is not a small plant trying to survive without any funds or assets. It is a branch of Rockwell International and is located in Parry Sound. Word has gone out that the staff of that plant is to be cut by more than 50 per cent, from 220 to 100. This is very serious in an area where there is a small population. The Rockwell plant was a corporate citizen.

I had the privilege of meeting with municipal officials as well as officials of the plant. The facts they presented were shocking. I am sure many members will be interested in this. In the past five years, this plant has been faced with huge increases. Hydro has increased by 128 per cent. Five years ago they paid $8,000 a month; now, it is $14,000. Their workmen's compensation board payments increased 271 per cent. Municipal taxes are up 54 per cent. Their OHIP payments are up by 191 per cent. Canada Pension Plan premiums have increased by 79 per cent; costs due to strikes and accidents have risen by 190 per cent and labour costs by 133 per cent. They ask: How can we compete successfully in the face of increases like this and keep the plant functioning at full capacity?

• (1302)

May I call it one o'clock, Mr. Speaker?

Mr. Knowles (Winnipeg North Centre): One o'clock.

Mr. Deputy Speaker: It being one o'clock I do now leave the chair until two o'clock this afternoon.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Turner): Order, please. At one o'clock the hon. member for Parry Sound-Muskoka (Mr. Darling) had the floor, and he has ten minutes left.

Mr. Darling: Mr. Speaker, when I called it one o'clock I was speaking about an industry in my riding of Parry Sound-Muskoka which was phasing down its operations, though we certainly hope it will not disappear entirely. I also cited some figures which were rather staggering and frightening, showing what this company, Rockwell, is being faced with by way of higher costs. However, I want to emphasize that the 122 jobs which are being lost are probably going to the southern states, to a branch plant of the same company in Mississippi, where the social benefits are not the same, where we know the wages are lower and workmen's compensation and other benefits, which are very excellent in Ontario and, indeed, in Canada, are not in the same category. We have no proof of this, but it is food for thought.

There is also reason to think that those southern states are subsidizing wages in some way and we are not in a position to compete. I hope the new Minister of Industry, Trade and Commerce (Mr. Horner) will give serious consideration to the tough competition which is faced by a good many Canadian industries in the auto parts industry. I was interested in the speech made by the Minister of Industry, Trade and Commerce to a tourist group last night. He referred to the fact that we are not at the forefront in the tourist industry. This was of particular interest to me because I represent the finest tourist area in the entire Dominion of Canada.

• (1412)

Some hon. Members: Hear, hear!

Mr. Darling: I am sure the Minister of National Defence (Mr. Danson) will agree with that, because he is a summer resident in my constituency. We are delighted to have him spending his summers there. In his speech the Minister of Industry, Trade and Commerce cited some very, very startling figures. He indicated that it costs too much to travel in Canada. That is no secret, so he has not given us any great pearls of wisdom. He also referred to the fact that hotels, food and gasoline cost a lot more in Canada. Again, we agree with this. He went on to say that the tourist industry has not been as friendly or courteous as it might be to tourists. Probably he was referring principally to American tourists, because the greatest bulk of our tourists come from south of the border. I will concede that there is probably some truth in this.

Our tourist operators are faced with higher costs because of higher taxes. The government instituted a ten-cent gasoline tax two years ago in order to cut down on the consumption of gasoline. It cut down gasoline consumption for the tourists, as well as a lot of Canadians. We are aware of the staggering tourist deficit of $1.2 billion last year. It is forecast as being as much as $2 billion this year. This indicates that Canadians are great travellers, but not in Canada.

The shy and retiring hon. member for St. John's West (Mr. Crosbie) spoke eloquently the day before yesterday and sug-

gested that we should "ban the tan". His suggestion was that anyone returning from the United States, or any southern climate, with a tan should have to pay a tax, in an attempt to try to keep them here. A better way of trying to keep them here would be to make it more attractive to visit Canada.

There is a good deal of criticism which can be levelled at certain government agencies, unfriendly and discourteous government agencies.

Some hon. Members: Hear, hear!

Mr. Darling: I am thinking of the Department of National Revenue, the customs and excise branch. There were specific cases last year of Americans crossing the border who were treated as smugglers, as if they were bringing in arms and what not. Their cars were gone through with a fine-tooth comb. In some cases Americans were fined and charged duty on groceries they were bringing into Canada. There were carloads of fishermen coming for a week. One carload had $40 worth of groceries, and they were charged $6. Fortunately, they had the $6, but they swore on a stack of Bibles and a few other things, according to the information I received, that they would never return to Canada.

Another problem is the latest customs and excise deal where the department is going after American tourists who for generations have been leaving their boats in Canada. They will be charged duty on their boats unless they take them back when they return to the United States. With regard to boats of over 20 horsepower, the duty can be as much as 40 per cent of the market value. When I was in my constituency I spoke to one tourist. He pointed to his boat and said, "I brought that boat over here and I was going to leave it here. I could be paying storage charges of approximately $800 per year to a marina. But since your damn government is going to charge me $4,000 duty on the boat, I am going to take it back with me." He indicated that he was not going to give the government $4,000. Surely we can find an answer to alleviate this exacerbating problem which is making Americans angry.

I should like to refer to American tourist operators who have tourist establishments in Canada. The customs and excise branch hauled in one of these operators, after he had gone to pick up a few parcels and pay the duty on them, and told him that his car could only be driven by himself for pleasure. This is absolutely ridiculous.

We are trying to attract our American neighbours. I will concede that we have the 90-cent dollar in our favour in this regard. As far as our imports are concerned, certainly it is not in our favour. Then we come up with methods where customs officials are showing their authority and exercising the letter of the law, which will certainly go against our efforts to attract American tourists to visit Canada. I hope something will be done to give a lesson in public relations and courtesy to our government officials as well as our tourist operators. Probably there is fault on both sides. However, a great many of our officials at the border are courteous; I have checked this out with senior officers. We could not have a neighbour in the world better than our neighbours in the United States.

Some hon. Members: Hear, hear!

Mr. Darling: Yet we have strained and crazy relations with them at times. Our two countries engage in $40 billion worth of trade back and forth each year. In plain English, that is a hell of a lot of money. It is more than the trading which goes on between any two other countries in the world. There are 38 million border crossings each year between our two countries. Nationalists have been complaining about the United States taking over Canada. I understand the United States has $50 billion invested in Canada, which is a lot of money, with a population of 220 million. But Canadians have over $5 billion invested in the United States. That was before Canadian capital was scared out of the country, so I am not aware how high it is now. Nobody says anything about that.

These are matters which must be thought about. We must try to work with our big neighbour to the very best advantage in order that both of us may benefit. These are very, very important matters. Both our countries have so much in common, and we get along very well in so many things, that it is unfortunate the odd thing ruffles feathers. As a Canadian, I take exception to some of the things Americans say, and we cannot blame Americans for adopting the same attitude. We are first cousins; I suppose, brothers, when you come down to it. We are very fortunate to be situated side by side.

I know my time is running out, but I want to mention that I am a member of the housing committee. I was disappointed—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. The hon. member for Champlain (Mr. Matte).

• (1422)

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, I am thrilled to speak during the debate on the Address in Reply to the Speech from the Throne, especially since Her Majesty herself delivered the speech.

Mr. Speaker, we could have expected on that occasion that the Speech from the Throne would be more substantial and show some maturity on the part of Parliament in general and the government in particular. Unfortunately, I think that it was a lost opportunity to make something interesting and original. On the contrary, it can be said that we heard the same trivia delivered in a royal fashion.

Mr. Speaker, within the present Canadian context it is extremely important that hon. members in this House cast aside their prejudices, parochialism and overcome their bitterness and disappointments. The time has come for us to demonstrate our maturity and serenity and try to resolve problems which are assuming crisis proportions.

Mr. Speaker, we must realize that, unfortunately, this government does not seem to have yet accepted the choice the province of Quebec made about a year ago. Cabinet members, starting from the right hon. Prime Minister (Mr. Trudeau) himself, vent their bitterness and resentment and I am afraid,

and this is very serious, they are even trying to hinder the work of the Quebec government. Mr. Speaker, this is not mature behaviour. It is irresponsible and childish. On the election night, last year, we heard all kinds of poppycock by the Prime Minister and the Minister of Regional Economic Expansion (Mr. Lessard) who went so far as to say: You will not get any more money in Quebec. That will teach you how to behave. After they got that off their chests, you could expect they would calm down and get off Quebec's back whether they liked its government or not.

Mr. Speaker, a year has now passed. It seems to me they should have regained their composure by now but they have not. And we saw the Prime Minister try a bit of brinkmanship and go down to Washington where he, a man credited with a high intellect, did something quite stupid: he said that Quebec independence was a crime against mankind. Mr. Speaker, what an irresponsible statement! It is going overboard! It is a total lack of respect for Canada. Yet he did not stop there. In the Speech from the Throne he decides on a referendum war. There will be a referendum and a cross-referendum. The Prime Minister will make people in Quebec and the rest of Canada say whatever he wants them to say. Where is his sense of responsibility, Mr. Speaker? When will our good friends opposite cease to equate red-blooded patriots with people bent on the destruction of our country?

Mr. Speaker, it is a falsehood. When our friends opposite claim that the hon. member for Champlain and the Quebec government and people are separatists they are making malicious allegations. As far as I know the Quebec government and the hon. member for Champlain feel the way the Socred M.P.s demonstrated they felt last week end. They want to live in harmony in this country. They want the real, concrete groups which make up this country to live their own lives and shape their own futures.

There is therefore nothing negative about the decision made by Quebecers last year. Why is the government taking such an attitude? Would it be, Mr. Speaker, to try to hide the enormous weaknesses in the economy? Would it be to make people forget about unemployment? Would it be to hide inflation? Would it be to make people forget the incompetence of cabinet members? Mr. Speaker, we may well wonder when we see a prime minister over-react and fight windmills like Don Quixote.

Mr. Speaker, as far as I know, the Parti Québécois now in power in Quebec only said that it wanted a new agreement in Canada, that it wanted a new partnership based this time on the elementary justice principle of true equality. What is wrong with that? What is so wrong that we should go and say in Washington that it is a crime against humanity? Mr. Speaker, let us be calm and let us see things as they really are. Why should we want to convey a false impression to those who do not want Canada to survive, because if it does, it will be once again thanks to the spirit of Quebecers who until now have acted as a sort of buffer, as a catalyst to prevent Canada from being simply a geographic extension of the United States. We no longer want to play such a secondary role. We want a positive role. We want to assert ourselves as we are. That is why, in my opinion, Quebec is now able to show the way towards the implementation of this new Canada, a Canada restructured according to everybody's needs, a Canada where everyone will be truly free to develop to one's liking, a Canada where there will finally be true equality, a Canada where there will no longer be absurdities as there now are.

I was listening the other day to the Minister of Communications (Mrs. Sauvé). I must say that I always thought she was very serious, but in her speech the day before yesterday, she did not speak very seriously since, when discussing language bill 101, she said that it ran counter to such and such a thing, in other words, that the Quebec government should not have passed it. Mr. Speaker, we have a democratically elected government who introduced legislation in the National Assembly and this legislation was passed in principle even unanimously in the National Assembly, since everyone recognized the need to legislate in this area because of the countless injustices that have always existed.

Mr. Speaker, when we have a prime minister and ministers who say: No, we shall not disallow Bill 101. It would be too dangerous, Quebecers as a whole would resent the government if it did, but we shall adopt an insidious strategy by paying those who want to test the legislation. Mr. Speaker, there is something diabolical about this. Why should the taxes of René Matte, member of parliament for Champlain, Quebec taxpayer, who is in perfect agreement with the Quebec government, be used to bring charges against me? We have been masochistic long enough without this. I was listening to the hon. member for Hull (Mr. Isabelle) yesterday. What he said was terrible. Perhaps the hon. member for Compton (Mr. Tessier) had him in mind when he said that Quebec members are a "gang of nobodies". Mr. Speaker, I did not say that. The hon. member for Compton is reported as having said, and I quote:

> As he stated in his document of last July, Mr. Tessier maintained yesterday that Quebec Liberal members have never taken the necessary steps to improve their image or to put forward Quebec's views.

Mr. Speaker, if there was no development in Hull, it is because some members, like the present member for Hull, have always managed to prevent development from taking place on both sides of the Ottawa river. I find he considers the federal government and the Parliament buildings in Ottawa as an umbrella, as a kind of Santa Claus. This hon. member is rather late, Mr. Speaker, whereas since Quebecers have decided on their own to bend down on their knees no longer, to creep no longer, they have decided to hold hands with the rest of Canada and to say from now on: Let us give this country a real striking force which will be held as an example throughout the world. Let us give everyone the opportunity to develop as he sees fit.

At noon I asked a question of the Minister of Finance (Mr. Chrétien) and the Minister of Industry, Trade and Commerce (Mr. Horner). Mr. Speaker, in the very region which the Minister of Finance represents a company has just laid off some 300 to 400 workers. What has the federal government done to prevent Wayagamack from closing down? What has it

done? Nothing, because it would be quite pleased to see this company close down. It would be quite pleased to see Quebec at grips with an even higher unemployment rate, and then tell the people: Do not go off on your own, just see what will happen if you do! You will go bankrupt!

Mr. Speaker, such a behaviour is terrible. Somebody must denounce it. It is terrible, but that is what they are doing. So, the Minister of Finance who represents the riding of Saint-Maurice, 10 miles away from Wayagamack, prefers not to do anything in order to prove to the people in Quebec that they made a bad choice in the last election. It is shocking, but that's the way it is, Mr. Speaker.

And the threats made by the regional economic expansion minister (Mr. Lessard) are carried out. They will not save Quebec, and above all they do not want things to run smoothly in Quebec. What is one to think of people who act this way, Mr. Speaker? What is one to think of people like the Minister of Communications (Mrs. Sauvé) who also said, in order to prove that Quebecers all agree with the federal government and disagree with the Quebec government: In my riding, I have distributed 5,000 gadgets? Puzzles, Mr. Speaker, when I am considered a separatist. Good heavens, give us puzzles! Everybody also likes that in my constituency. Are we now to base our policies on gadgets and to determine what the people in Quebec want according to the distribution of gadgets? What a poor argument!

Mr. Speaker, since a solution has to be found to a global problem, let us stop the name-calling and let us start being positive. Maybe our party views the matter differently from the party now in power in Quebec, but it all comes to the same thing. We want all the provinces to consider completely renewing the Confederation, so that we may first negotiate an association on equal terms. If that does not work, we will fully agree to independence. Maybe the Parti Québécois views this from another point of view because they say: First we become independent and then form an association. That is the only difference between our party and the Parti Québécois.

From now on, Mr. Speaker, it must be known that our goal is simply to restructure Canada as we really want it to be, without being unfair to anybody, by creating a healthy climate instead of being mean or imputing motives to others.

And then, we will no longer have committees which we want to be unbiased while they are not. Every time I hear about committees on Canadian unity, I wonder what it means, in terms of what Canadian unity is related to the Prime Minister's conception of it. Is there anything wrong with a Canadian unity that would involve five areas where sovereign states would agree to draft a new constitution, where each would freely determine the fields that must be shared, which ones should not be affected?

Mr. Speaker, if we were sensible enough to reflect on such matters, we would see why this government is trying to create trouble where there is none. In yesterday's paper, there is a report of what Mr. Lévesque said in British Columbia:

Mr. Lévesque stated that he favours a proposal whereby a Canada made up of five partners each representing one large area of the country would negotiate a new form of Confederation.

Mr. Speaker, far from being against the confederative principle, I should like Canada to become a real confederacy, that is to say a union of sovereign states. We should not forget something very important. Of course there are other issues, but because this includes all the others, I do not mind devoting some time to it. The necessity to deal objectively with this issue stems from the fact that the future of our country depends on it. If, from the point of view of history, Quebec insists on being considered as a separate entity, as a nation, nobody can blame it. If it can help Ontario adopt similar views for itself, why not make Ontario independent as well? Why not make the Prairies independent? Why not make British Columbia and the Maritimes independent? And with these five independent entities, we could build a marvelous and diversified Canada, yes, an harmonious Canada where it would be nice to live and where there would be no subordinates.

As far as I know, Mr. Speaker, the purpose of such a proposal, far from seeking the destruction of our country, is to make it greater and progress still further. We shall achieve this purpose only if we realize the need to deal objectively with this issue, and later with other issues, such as the economy and social affairs. This is something important and urgent, Mr. Speaker, but it is a fact that Quebecers will no longer agree to go where the money is and forget about such things as pride and dignity, for I shall make a point of telling Quebecers and making them understand that wealth is the reward of pride and dignity.

● (1432)

[*English*]

Hon. John Roberts (Secretary of State): Mr. Speaker, the responsibilities of the Secretary of State are a little like a cafeteria; there is an enormous range of responsibilities, including official languages policy, protocol, state funerals and education. There are a variety of things I could speak about this afternoon, and I would like to speak about them all, but given the time constraints I will concentrate my remarks on the responsibilities I have in relation to official languages policy.

There is a very marked difference of view between the government and the official opposition in relation to official languages. The Leader of the Opposition (Mr. Clark) regards two official languages in Canada as a divisive force within our country, almost a millstone around our necks, or at best, to be fair to him, he regards them as a regrettable necessity. We on the government side, on the contrary, regard our two official languages as an opportunity, something to be welcomed and something to be made a real and vital force in our society which will strengthen a distinctive Canadian identity.

● (1442)

The Leader of the Opposition (Mr. Clark) pretends that the official languages policy has been a cause of the present tensions in our country. That view of his is the reverse of the

truth. Of course there have been some errors in implementation, but by far the majority of our efforts have been successful. That is not merely the view of the government; that is the view, as well, of Mr. Spicer, the former Commissioner of Official Languages, who indicated that, in spite of some criticism, 80 per cent of our efforts were useful and successful. Nor, as the Leader of the Opposition would have us believe, are the forces of separation simply a reflection of Canada's economic problems. I do not minimize for a moment the importance of the economic challenges to this country—challenges to governments, to management and workers alike. But to believe that solving these economic problems will in itself lead to the end of the thrust for separation is either wilful misrepresentation or simple-minded innocence verging on irresponsibility.

The roots of separation in Quebec are much more complicated than that simple-minded analysis. The forces for separation have increased despite unprecedented prosperity in our country over the past 15 years. The thrust for separation reflects more than anything else a sense of insecurity, whether justified or not, and pessimism over the ability of the French language and culture not simply to survive but to thrive in a North American society which modern technology and communications make more and more complex and integrated.

[*Translation*]

We will succeed in staying the forces working for separation only if we can honestly say to French Canadians that one of our ultimate goals is to see to it that throughout Canada a climate proper to the development of French language and culture will prevail. And if Anglophones cannot find in themselves enough generosity to work toward this goal, if we cannot honestly give them this assurance, then Canada's days are numbered. The Leader of the Opposition did not understand that, and he takes a negative and pernicious approach on official languages.

[*English*]

I mentioned earlier that there has been a substantial measure of success in our official languages policy and its implementation. Nevertheless, all members of the House will recognize that this policy has continued to be the object of some large degree of misunderstanding on the part of certain sections of the Canadian public. In the face of this, the government felt it necessary to review its policies and develop a new expression of the proposals that have guided its actions in relation to official languages over the past ten years.

The newly expressed principles formed the core of the document "A National Understanding" which outlines the kind of relationship that must exist between Francophones and Anglophones in this country, a relationship based on equality. The document sets out in clear terms the basic principles that, taken together, constitute the official languages policy of Canada. It is the purpose of these principles to give concrete expression to the equality of status of English and French as the official languages of Canada. It is the hope of the federal government that these principles will be accepted by all Canadians and by the provincial governments, in order to safeguard the fundamental linguistic duality of Canada within the framework of its cultural diversity.

With this in mind, the federal government has reassessed its own situation in the public service and, given the progress made to date in providing services in both official languages, is now in a position to implement the gradual elimination of the special language training efforts in the public service, expecting that the educational system will thereafter provide the necessary bilingual candidates to meet its needs.

The emphasis that must be given to this area gives special importance to the negotiation of new education arrangements with the provinces which are presently under way. Let me add that those negotiations are not merely a recent response to the problem. Over the past decade, for about seven years the government has provided something like two-thirds of $1 billion to provincial governments to assist them in expanding their school systems for second and minority language education. We are concerned that the present negotiations make the objectives of the agreements more precise and establish criteria and methods of evaluation so that all levels of government may be aware of the degree of success of our joint efforts.

But I should make one thing clear. The federal government does not regard the efforts of the provinces in this area as a special concession or favour to the federal government. They are, rather, a response to the needs of the citizens of their provinces, and it is exactly the purpose of our statement in "A National Understanding" to urge the provincial governments to accept for themselves the application of official languages policy within their own areas of jurisdiction, including education.

We have all been encouraged by the response of the provincial premiers at their conference this summer in St. Andrews, New Brunswick where they committed themselves to working out ways of improving the educational facilities available to French-language citizens across Canada. We await the results of their studies with considerable interest and optimism.

I referred a few moments ago to the passage of the Official Languages Act. That was a crucial step. Those who argue that our official languages policy has been a cause of division in this country should pause for one moment and reflect honestly on what the situation would be if we had not undertaken this commitment. Assuredly, Mr. Speaker, we would not now be agonizing over keeping this country together. Failure to have embarked on the official languages policy would have torn the country apart long before this.

The Official Languages Act has stood the test of time well. There are, however, we believe, useful changes that could be made to it to reinforce its effectiveness. I shall, therefore, be presenting to the House amendments which will, especially, strengthen the powers of the Commissioner of Official Languages.

[*Translation*]

We will see to it that the Commissioner of Official Languages, who is a representative of Parliament and has the

support of Parliament, can in the shortest possible time apply the principles of the official languages policy established by Parliament.

The situation of the official language minority groups in Canada is another area of very special concern. Every Canadian who has at heart the future of Confederation really must recognize how important it is to ensure in fact the survival of the official language minority groups, and their survival and development not as isolated enclaves but rather as integral parts of life in Canada. I am of course referring to the French-speaking minorities outside Quebec and English-speaking minorities in Quebec.

Our government really wants to see that French and English minorities get fair and equitable treatment and not be regarded as second-class citizens.

As for the French-speaking minority groups, last spring the government received a revealing report entitled "Lord Durham's Heirs". The study recommended many steps which could be taken to ensure real survival of Francophone groups outside Quebec. The government studied that document in very great detail.

After consultation with the hon. members who are the legitimate spokesmen of Francophone minorities outside Quebec, I intend to announce what the federal government proposes to do to serve them well. I trust I can hold those consultations within a month and, therefore, announce within a few weeks what new measures we intend to take.

Most of the recommendations contained in the report "Lord Durham's Heirs" apply to provincial and municipal governments. That is why, in fact, the government has suggested an amendment to the constitution, in line with the proposal made last month, in the field of education, to the provincial premiers, and also in line with the Victoria charter with regard to other aspects of the rights recognized in conjunction with the official languages. That would be the surest way of achieving our objectives. If Anglophone provinces see the need for amending our constitution in that way, they will thus prove to the francophone minorities, and even the Francophone majority in Quebec, that the whole country accepts the principle of the equality of both official languages, and that attitude should dissipate expectations of separation.

● (1452)

In this vital area, how to combat the forces of assimilation which threaten the survival of Francophones outside Quebec, co-operation between the federal and provincial governments is desirable. I shall, therefore, also be consulting with the provincial governments over the next few weeks on how we may best respond to the needs of these endangered communities.

When we speak of official language minorities, there is a tendency for some to think only of the Francophone communities living outside Quebec. But we must also remember that in Quebec there is another official language minority, the English-speaking population of 800,000. This minority, historically strongly established, now feels threatened. As a result of the present policies and future objectives of the present Quebec government, the Anglophone community feels undermined and insecure. Many of its members feel that the objective of the present provincial government is to force them out of their province into other parts of Canada. The federal government, just as it is concerned with the threat of assimilation of Francophones outside Quebec, is concerned over the sense of insecurity presently felt by Anglophones inside Quebec.

I have recently received approaches from the community for help to document their concerns, especially with regard to the shifts in population as well as businesses, and to outline the economic effects of these changes. As with the Francophones outside Quebec and the help of a similar nature which we gave them some years ago, we feel disposed, in all fairness, to offer similar support to the Anglophones in Quebec if requested, so that they can better understand their future and make representations to the relevant authorities for their survival. We are prepared to support projects that encourage creative rapprochement between English and French-speaking Quebeckers, activities that assist English-speaking Quebeckers and their associations to become bilingual, and programs which enable English-speaking Quebeckers to preserve their cultural heritage.

In all the other provinces there are strong associations representing the Francophone minorities, but for a variety of historical circumstances such an association has not developed in Quebec. If it appears that English-speaking groups are now ready to co-operate with each other and develop the basis for an organization or structure of organizations representing them as an official language minority in Quebec, we would be prepared to encourage and support this development. I believe such a structure could be a positive intermediary between the English-speakers in Quebec and the provincial government, as well as a valid spokesman vis-à-vis the federal government.

[*Translation*]

To give concrete proof of its interest in Francophones outside Quebec, and Anglophones within Quebec, the government has decided to increase considerably the credits earmarked for the official languages minority groups program. We intend to set aside for this program an amount of $75 million in the next five years. Thus, we will be better able to meet the needs of official language minority groups in the various parts of Canada.

[*English*]

My remarks this afternoon have focused on the language policy. I do not have time to describe at length the problems and opportunities we face in cultural policy, although this is an area of my department's responsibilities about which I have intense concern.

Mr. MacDonald (Egmont): You told us earlier today you would.

Mr. Roberts: As the hon. member says, earlier in the question period today I did express my strong interest in this area of activity. I say to members of the House, frankly I would like to receive more questions and more inquiries about our cultural policy. It is an area of policy which is extremely

important and which, with exception of the parliamentary committee, has not been examined in great detail or depth by members of the House. I want to assure members of the House that this is an area of importance. I hope to be able to announce new directives in a variety of areas over the next few months; perhaps in the House, perhaps outside of it. My own preference, as hon. members know, is to present my views on this matter to members before speaking outside the House.

I do not have time to describe at great length the challenge to this country on cultural policy, the difficulties we have in maintaining within the Canadian market a place for the expression of Canadian creativity reflecting Canadian experience. There are difficulties which are particularly strong in areas where there is high commercial involvement, such as films, television, publishing, commercial objectives which are mingled with the cultural objectives we have. These areas are extremely complicated. Earlier in this House, during the question period, we touched on the aspect of distribution in relation to the film industry and the difficulties that poses for the expression of Canadian creativity. It is the problems of distribution which are the key in many of these areas—such as publishing, television, and records as well. It is my hope to be able to elaborate a detailed policy in these various domains in a few months. I will be anxious to discuss not only these problems, but the way in which we can respond to them, with members of the House at greater length. Perhaps the standing committee would be a useful vehicle for that examination.

I had hoped to have 40 minutes to speak to members of the House. I find, for reasons which I understand very well, that I have been restricted to 20 minutes. Therefore, there is not time for me to develop today at great length the challenge that we face and our positive response to it. I wish to assure hon. members that that opportunity will come in the very near future.

Mr. Friesen: Mr. Speaker, I wonder if the Secretary of State (Mr. Roberts) would permit one question.

The Acting Speaker (Mr. Turner): Will the minister accept a question from the hon. member for Surrey-White Rock (Mr. Friesen)?

Mr. Roberts: Yes, Mr. Speaker.

Mr. Friesen: Mr. Speaker, I wish to ask the Secretary of State why he has not chosen to speak about some of the other areas of his department, such as Canada Council grants, when the Prime Minister (Mr. Trudeau) has urged Canadians to get tough because they are getting too soft. Within the area of Canada Council grants we have an established writer living in Westmount who is getting a travel grant from the Canada Council. That may be one area in which the government can start getting tough. When is the Secretary of State going to start asking applicants to show a sense of need before they get a Canada Council grant, so that artists, pseudo-artists and dilettantes can be separated in the whole maze of applications?

Mr. Roberts: Mr. Speaker, I welcome the question. I had intended to speak about the effects of the proclamation of the new citizenship act and the development of the citizenship policy, the establishment with the Council of Ministers of Education of a continuing arrangement to discuss mutual concerns relating to education. Also, the opening of negotiations with the provinces on agreements for the support of extending minority and second language education; a progress report on the performance of Open House Canada which will enable 20,000 young people to exchange visits across Canada.

I intended to talk about "a national understanding"; to recount to the House the progress we are making with the elaboration of Canada Day celebrations; the very marked advances we have made in relation to the migrated native peoples' program; the introduction of corps funding for native peoples' associations. I wanted to note the very good work that the Department of Secretary of State had done in arranging for the royal visit which all members of the House welcomed. I particularly wanted to discuss, for the hon. member's benefit, the expansion of $13½ million of funding, if parliament approves it, over the next 18 months for the support of the arts in Canada. This will enable the Canada Council to undertake more effectively its support for creative people in this country.

The Acting Speaker (Mr. Turner): Order, please. The hon. minister's time has expired.

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, it is a pleasure to take part in the debate on the address in reply to the Speech from the Throne. I wish to begin with a few words on multiculturalism in Canada. I am not sure whether the intentions of the government in 1971 were serious when the Prime Minister (Mr. Trudeau) announced such a policy. I do not know whether that policy was introduced by the government for the purpose of political expediency, to woo the ethnic voters in Canada who comprise more than 30 per cent of our population.

I do not know whether it was an honest attempt to involve Canadians whose origin is other than that of the two founding nations, English and French, to bring them more into the mainstream of Canadian life and no longer regard them as second-class citizens. Whatever the motives of the government, I can assure them that with their introduction of a multicultural policy in Canada they now have a tiger by the tail and dare not let go.

• (1502)

Despite all the vehement protestations to the contrary by various spokesmen on multiculturalism on the government side, the objections of certain Quebec caucus members to multiculturalism have been so great that there is no doubt in my mind that the Prime Minister and the cabinet would have terminated this policy once and for all had there been any let-up in the flak produced by this side of the House and the protestations from many of the 71 or so ethnic groups against such a move.

Mr. Speaker, I like to look upon myself as an optimist as far as as multiculturalism in Canada is concerned. We now have a minister who I think is interested in the subject and sincere in his idea for the further progress of multiculturalism in Canada. This is not to detract from the three former ministers; I am sure they did their level best, under very trying circumstances and in the face of much cabinet opposition, to push forward programs designed to further multiculturalism. The new minister has come out vigorously in support of qualified persons of ethnic origin occupying more positions of high responsibility in government and in Crown corporations, the greater involvement of "ethnics" in the broadcasting field and other areas.

The minister may be filled with good intentions, and there is certainly nothing wrong with having good intentions. But it remains to be seen whether those good intentions will lead to action and firm direction, and how much influence the minister has with his cabinet colleagues. As the critic for multiculturalism on behalf of my party, I am willing to give the minister a little more rope, a little more time in which to familiarize himself with his new portfolio before I cross-examine him for the good of multiculturalism across Canada.

I should like to say a few words about our country. I shall speak very bluntly. It is necessary to be blunt, not because there is any particular virtue in inflaming passions, arousing resentment or making people uncomfortable, but because this country will only recover from its national despondency if we are all prepared to tell it as it is and, further, to persuade all our people that the country is worth saving. This means facing reality and understanding it, and having the moral courage to insist on the best that is in Canadians because the times demand the best.

There were, and still are, people who say the idea of Canada is illogical, that it cannot work, that assimilation by the United States is inevitable, that our country defies the laws of trade, and that it is impossible to contain in one country many different linguistic and cultural groups. Such arguments have been with us since the beginning. They are being resurrected again, not only in Quebec but in other parts of Canada. But the reality defies those arguments because, on the whole, since confederation we have been remarkably successful. We have built a great country under circumstances, at times, of immense difficulty. Moreover, this has been done within the framework of three parliamentary institutions and a high degree of civility under the rule of law. We have not been perfect, and given the nature of mankind we are unlikely ever to be perfect. But we most certainly have not been a failure. This is the first reality and it is the starting point for any debate on where we go from here.

The second reality is that the complaints raised with regard to our country have all been voiced before. Quebec separatism, or independence as Premier Lévesque chooses to call it, is not new. A deep and constant sense of nationalism has always been part of the French-Canadian presence and in its extreme form has never been far from the idea of separation. Western alienation is not new. Atlantic Canada's grievances did not

begin yesterday. Because of the vast geographic size of Canada, its diverse economic opportunities and the linguistic and cultural differences which characterize it, there have been, and probably always will be, strains within confederation. That is no reason for wringing our hands and giving up. What it means is that we must resolve these problems, perhaps not to the satisfaction of every dissident in the country, because that is impossible, but to the satisfaction of the large majority of our people. It means we cannot take things for granted. It means that the dynamics of our society imply constant change, and that the task of government and citizenship is to face up to reality and find solutions.

Those of us whose heritage is neither British nor French realize that our cultural aspirations may well be severely limited during the next few years as the federal government and provincial governments continue their negotiations on the political integrity of Canada. We may well be asked to compromise certain of our multicultural ideals for the sake of accommodating the linguistic demands of the present Quebec government. The disturbing fact is that the government of Quebec is determined to protect the culture and linguistic rights of the French-speaking population of that province, while showing little concern for the rights of other minority groups, including those of French-Canadians outside Quebec. I should like to take a little time in which to review and examine the assumptions behind Canada's policy of multiculturalism in order to place my remarks into context.

There were several sound reasons for the development of a multicultural policy. Those reasons are as valid today as they were six years ago when the policy was first enunciated. Let us consider two of the assumptions behind that policy. First, the degree of cultural diversity which exists in Canada rules out the melting pot approach to national unity. It has been argued that cultural diversity has been of positive benefit to the development of Canadian society. There are few people who can look back over the last 20 years—to the Bill of Rights, to the centennial year and EXPO, to the Olympic Games and, more recently, to the establishment of a Human Rights Commission—and fail to realize to what extent these events have drawn upon the strength of a country whose culture rests upon the full and equal participation of all its ethnic groups. The events of the past year have not lessened the reality that Canada's vitality depends to a large extent on its cultural diversity. Indeed, many would claim that this is the example which Canada sets for the rest of the world.

In the second place, the cultural diversity of this country is a significant bulwark of our democratic principles. Tolerance of cultural diversity in a nation is one of the best measures of the strength of its democratic institutions. Conversely, when democracy is on the wane, minority groups are often the first to suffer. In this respect, I think any multiculturalism policy must establish very high standards of racial, religious and ethnic understanding for us all. I do not believe we are prepared, as a nation committed to democratic freedoms, to accept anything less.

We should now proceed to examine the role of the recently elected Quebec government in the context of our concern for the preservation of the cultural diversity of Canada and the security of our democratic traditions. Undoubtedly, there is a great deal of sympathy among Canada's ethnic minorities for the aspirations of Quebec's Francophone population—probably more than René Lévesque is aware of. In particular, roots which have their origin in territories under Soviet occupation must possess an excellent understanding of the concern of French-Canadians for cultural survival.

Sympathy and understanding should not, however, stop us from being critical of the activities of the Parti Québécois when it threatens our vision of a Canadian nation based on tolerance and encouragement of many different cultures, especially since that vision should not, and does not, conflict with the special rights of French-Canadians.

Two recent examples of the Lévesque government's reaction to multiculturalism are its stand on native language rights and the imposition of bill 101. Both these situations leave much to be desired in terms of tolerance and respect for minority rights. The government's reaction to the James Bay natives demands that English continue to be their second language, a matter which is guaranteed by law, has the appearance of being very high-handed and something of an overreaction, to say the least. The situation respecting the educational freedoms of other minority groups further demonstrates that the Lévesque government holds less than a sincere desire for a new and separate multicultural state which it continuously expounds.

● (1512)

On the basis of this kind of evidence, I believe Quebeckers have the responsibility to pay very close attention to the intentions of their government. The integrity of the Lévesque government will depend, as far as the multicultural community is concerned, on the implementation of policies which match the democratic freedoms and cultural tolerance of our over-all Canadian society. There is no doubt that the Parti Québécois has introduced an element of uncertainty with regard to Quebec's future, to say the least. Whatever the troubling aspects of the Quebec election, there is, in one sense, a possible benefit from it for the entire country. I think the election has started Canadians thinking seriously about what Canada means to them and what each of them would lose in both a material and an emotional sense if this country ever broke apart.

Those of us of non-British and non-French origin stand to lose if Quebec should leave confederation. In so doing, we must face certain realities, the first of which is that Canada might well not be a multicultural country if not for the French-Canadian presence. It is an accepted fact that the French-Canadian determination to preserve their language and culture provided the basis for other groups to make similar demands. The best evidence of this can be found in the proceedings of the bilingualism and biculturalism commission. It was not until a royal commission was set up to study the bicultural nature of Canada that members of Canada's other ethnic groups found the opportunity to demand official recognition of the multi-ethnic or multicultural character of Canadian society. However, just as the French-Canadians set an example by their struggle for cultural survival, they would also set an example by their secession. The fear that Canada's cultural diversity could contribute to the country's fragmentation would suddenly become a reality.

Ironically, however, French-Canadians have also provided some of the strongest opposition to multiculturalism. This opposition has stemmed largely from a fear that multiculturalism was oriented toward placing French-Canadians on the same level as other ethnic groups, and that this situation would lead to their slow but inevitable assimilation into the Anglophone community. This opposition to multiculturalism on the part of French-Canadians is the second reality that we must face. Thus, if we have concern for preserving Canada as a united and multicultural nation, we must accept certain obligations. Above all, we must counter the separatist argument that the Canadian kind of community is not worth preserving. The separatists offer different reasons for their position—some cultural and some economic. To all but the most romantic separatists, we can demonstrate that it makes better economic sense to change arrangements within the country than to set up a separate shop.

There is no question that we live in a world of mass production where economic security depends upon the production of large volumes of goods and, as well, access to large markets. In the modern world, as the Belgians, the British, the French, the Germans and others have found, the way to make more money and to keep more money is in having larger trading units, not smaller ones. One of the most effective weapons against the separatist inclination in Quebec, in the west or wherever else it might arise, would be a coherent national economic policy to stimulate steady economic growth, and to provide real job opportunities for all Canadians. But an equally compelling case is cultural. The culture we value, whether it is Québécois, or Ukrainian-Canadian, Greek-Canadian or Albertan, can only thrive in a broad community like Canada whose tradition is to respect differences.

Multiculturalism works toward heightening the awareness of Canadians to the importance of cultural diversity. It sensitizes Canadians to the important connection between languages and culture. It refutes the argument that the minority must conform to the will of the majority on all issues. Any step in the direction of a more just and a more democratic society can only serve to benefit not only French-Canadians but all Canadians.

In conclusion, let us remember that only by recognizing the legitimate aspirations of others can we ensure the recognition of our own.

Hon. James Richardson (Winnipeg South): Mr. Speaker, the Speech from the Throne read to us by the Queen calls on Canadians to rediscover the spirit of unity. My purpose in entering this debate is to make what contribution I can to the achievement of that all-important goal. I fully agree with the

hon. member for Louis-Hébert (Mr. Dawson) when he said that national unity was the main subject contained in the Speech from the Throne. I should like to express my appreciation to him and to the hon. member for Malpeque (Mr. Wood) for the thoughtful and confident way in which they opened the debate. I might also include a word of congratulation to the hon. member for Grey-Simcoe (Mr. Mitges) who preceded me and also, if I may, to one of his colleagues, a fellow Manitoban, the hon. member for Provencher (Mr. Epp), for the outstanding contribution which he made to the debate earlier.

Some hon. Members: Hear, hear!

Mr. Richardson: I want to talk about national unity as I see it and as I understand it. As a member of this House for almost ten years, I say to colleagues on both sides that no one wishes to see a united Canada more than I; and no one wishes to have Quebec and Quebecers as a part of Canada more than I. I want to say with equal conviction and, I hope, Mr. Speaker, with equal clarity, that I believe the government has been trying to achieve unity in the wrong way. I believe the government has been leading us in the wrong direction. The evidence for what I am saying is everywhere. We are not achieving unity; the country is more divided than ever.

In these circumstances, the Prime Minister (Mr. Trudeau) and the government have no choice but to ask themselves whether the policies that they have been advocating are in fact unifying, or have their policies contributed to the serious division that now exists in Canada? I believe there is an answer to Canadian unity, Mr. Speaker. I believe it is not too late for Canadians as one people to achieve true unity. But before we can state the answer clearly, we must find out what went wrong.

I should like to speak about four fundamental reasons why Canada is now a deeply divided country, four examples of the way Canadians have been led in the wrong direction. First of all, as many other members have done, we must look at our history. For the first 100 years we were on the right track. We were working together. We were building the grand design set out by the Fathers of Confederation. From confederation to Expo we showed every evidence of becoming the model nation of the world. We increased our productivity. We increased our population. We fought and helped to win two world wars in the cause of freedom. In this and in other ways we continuously increased the respect in which Canadians were held by other peoples around the world. At the end of our first hundred years Canada was standing on the threshold of greatness. What went wrong? I believe the verdict of history will show that the decade of the sixties was the decade of division. In the 1960s Canadians were taken off the track.

● (1522)

If we are to identify one day, one point in time and place where Canada took the wrong turn, that day would be July 19, 1963. It was on that day the government established the terms of reference of the Bilingual and Bicultural Commission.

Some hon. Members: Hear, hear!

Mr. Richardson: For the first time Canadians were told by their government that they were not one people. In the terms of reference, the government instructed the commissioners to recommend the steps to be taken to develop the Canadian confederation on the basis of an equal partnership between the two founding races. Canadians should realize that the concept of two founding races is a myth. All Canadians are builders and founders of Canada and it is wrong to suggest that there are only two founding races or two founding peoples.

Some hon. Members: Hear, hear!

Mr. Richardson: From that time on, instead of talking about all that unites us, led by the government, Canadians talked increasingly about what divides us. Instead of talking about unity, the government preached diversity, as the Secretary of State (Mr. Roberts) was still doing in the debate this afternoon.

Some hon. Members: Hear, hear!

Mr. Richardson: Instead of talking about unity, the government talked about the duality of the Canadian personality. Since the mid-sixties, since the fatal turning point in 1963, we have increasingly been negotiating with each other, not so much as Canadians but as two separate and competing peoples, and we have been led to believe that the granting of concessions is somehow the road to unity. This is our second fundamental mistake.

I should like to say as clearly as I can that if the granting of concessions to Quebec, whether in the form of increased power for the government of Quebec or in the form of increased language rights, could achieve unity I would be the first to be calling for more concessions. But all the evidence and all our experience to date shows that instead of creating unity, the result of concessions of this kind is to increase disunity. The net effect is to strengthen Quebec nationalism, instead of strengthening Canadian nationalism. This paradox, that concessions that are intended to achieve unity actually result in disunity, has been set out clearly and explained in recent articles by Canada's most eminent historian, Donald Creighton.

A third cause for the deepening division within Canada is the conviction of the Prime Minister about the advantages of national bilingualism. Nowhere is the Prime Minister's misunderstanding of the reality of Canada more apparent than in his speech to the House last week. As reported on page 38 of *Hansard* for October 19, just after he talked about equality for the French and English languages the Prime Minister made these remarkable and revealing statements: "We are made for bilingualism", and "bilingualism is the very condition of our existence".

I listened to him say these words in the House and wondered how it was possible for anyone to so seriously misread and misunderstand the reality of Canada. Through you, Mr. Speaker, I ask the Prime Minister to ponder his own words. Through you, I wish to tell the Prime Minister that millions of Canadians do not feel they are made for bilingualism.

An hon. Member: Millions do.

Mr. Richardson: Millions of Canadians who fully respect the use of the French language in Quebec and who want to accommodate Quebec's aspirations within a stronger Canada do not believe that bilingualism is the very condition of their existence. Do the people of Halifax or Edmonton believe that they are made for bilingualism? Do the people of St. John's, Newfoundland or Vancouver, British Columbia, really believe that bilingualism is the very condition of their existence? If that is how the Prime Minister sees Canada, it is easy to understand why this country is so divided.

Another part of the Prime Minister's speech last week revealed the potentially most serious and dangerous cause of division in Canada, and that was in his reference to the constitution. If we read carefully the Prime Minister's words as set out on page 38 of *Hansard* of October 19, it is clear that he wants his words and his wishes, his kind of Canada, to be locked into the constitution. It is clear that the Prime Minister would like his vision of Canada to be placed above parliament and beyond the reach of parliament, now and in the future. He talks about arrangements to guarantee in the constitution that the French fact will be inalienable in Quebec by any government, any administration, any federal parliament.

To make his position clearer, he goes on to say that rights should be written into our constitution so that they become definitely inalienable and cannot be abolished through a whim or arbitrary decision by any government. Mr. Speaker, who is being arbitrary? When did the will of parliament become a whim? The Prime Minister knows that legislation passed through parliament by his majority can be amended or changed by parliamentarians in the future. He is not prepared to leave the judgment to future parliaments. He wants to entrench his vision of Canada, his concept of appropriate language rights, in the constitution. He seems determined to place these rights beyond the reach of parliament, beyond the democratic process.

The proposal he is now trying to sell to the provincial premiers is that language rights be entrenched in the Canadian constitution and that the constitution cannot be changed in the future without the approval of the province of Quebec. Of all the changes to the constitution being proposed by the Prime Minister, this House should be most concerned about the procedure being recommended to amend the constitution. This concept of a "single province" veto over changes in the constitution of Canada is undemocratic and unacceptable.

Some hon. Members: Hear, hear!

Mr. Richardson: It is the majority of Canadians, not one province, who must have the right to approve or to disapprove changes in the constitution of Canada. Perhaps now that the Prime Minister has shown some interest in holding referendums, he will take up a suggestion I made more than a year ago and give consideration to the proposal that important changes in the constitution be made only with the approval of a national referendum. In this way the majority of Canadians could determine the kind of Canada they would like to have in the future.

• (1532)

My message has always been that it would be wise for Canada to keep our serious language difference at the level of statutory law, which is amendable, and not at the level of constitutional law, which is not amendable except by a rigid amending formula. Canada's Official Languages Act is amendable. In fact, the Speech from the Throne calls for amendments to the act, regardless of what those amendments are. None of us in this House should forget that it is the ability to amend statutory law that gives Canada the flexibility to grow and to change and which confirms the supremacy of parliament.

Surely this is not the time to try to make our differences permanent. I warn the House and I warn the Canadian people that if we entrench the concept of duality in our constitution, if we lock our difference into our fundamental law under a Quebec veto, we will have become two nations and we will have divided Canada forever. The Prime Minister and some others would like Canadians to believe that there are only two options: the separation of Quebec, or a bilingual Canada. This is not the case. By far the best option is to build in the future on the foundation set out by the Fathers of Confederation. It is not necessary to destroy Canada or to change Canada fundamentally in order to build the great Canada in which most of us believe. The Fathers of Confederation did not talk about two founding peoples. They did not talk about two equal national languages. They did not try to write into the constitution an amending procedure that would give a single province veto over future constitutional change.

Here in this House and across Canada, the only way we can be of use to each other is to be honest with each other. If truth is to be found anywhere, I have always believed it should be here on the floor of the House of Commons. It is in that spirit, Mr. Speaker, that I now want to state what I believe to be the answer for Canada. There is an answer that reflects the reality of Canada, a natural, common sense answer. The true answer is that there is only one Canada and Canadians are one people. The answer is to rediscover the spirit of one Canada which we have known in the past and which we can know again.

To do this we must learn that the true spirit of unity is not divisible. Unity can never be found by emphasizing duality and by accentuating diversity. To be one people we must increasingly find ways to be united by language instead of being divided by language. I believe we can do this and at the same time preserve the French language and culture. The answer is for two groups of Canadians to become increasingly bilingual. More English-speaking Canadians in Quebec should be learning French, and more French-speaking Canadians should be learning English. Fortunately, there are strong economic advantages, as well as cultural advantages, to be gained by both of these groups in learning, in each case, the majority language. It is obvious that English-speaking Canadians in

Quebec are able to work more effectively when they are able to speak the majority language of Quebec.

It is equally obvious that opportunities for Quebecers are multiplied many times when they are able to live and work in the majority language of Canada and in the majority language of North America. It seems reasonable to believe that English-speaking Canadians who live in Quebec should want to learn the language of their province, and it is equally reasonable to expect that French-speaking Canadians should want to learn the language of their country. My heart tells me, and fortunately all the surveys confirm it, that the majority of Quebecers want to share in all of Canada and I know the overwhelming majority of Canadians want Quebecers to share equally in all of Canada. Once the reality of one Canada is understood and accepted, Canadians will be united as never before in our history.

The only workable, common sense goal for our country is an increasingly bilingual Quebec in a common language Canada.

Some hon. Members: Hear, hear!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I appreciate the opportunity to enter this debate on the address in reply to the Speech from the Throne, and I join others who have extended congratulations to the mover and to the seconder of the motion, the hon. member for Louis-Hébert (Mr. Dawson), who is in the chamber this afternoon, and the hon. member for Malpeque (Mr. Wood).

We have heard a very interesting speech by the hon. member for Winnipeg South (Mr. Richardson) a few moments ago on the issue of national unity as he sees it. I was interested in his remarks, spoken, as they were, with the greatest sincerity and with great attention to delivery. I recall that the hon. member for Winnipeg South is one of those who joined a number of members who have left the cabinet for reasons of their own. At the time that he left the cabinet he indicated that he was not in a position to give unlimited support to the Prime Minister (Mr. Trudeau) on the issue of national unity.

I also recall another very telling fact, I think. If I am not quoting him out of context, I believe he pointed out that in his estimation, having served in the cabinet for a considerable length of time, this administration did not have the interests of western Canada at heart and was not serving western Canadians in the way it should.

Like the hon. member for Winnipeg South, I also want to make some observations on the important issues before our country, and on this administration. I have had the opportunity to observe this government since my election to the House of Commons in 1974 and it is from that perspective that I want to address my remarks today. I came to the House in 1974 with certain ideas about the role which western Canadians in particular should play in the House of Commons, and the role we should all play with respect to the question of national unity. My concern at that time, which continues today, is for the future of our country.

[Mr. Richardson.]

I want to say at the outset that some of the statistics and facts which I may quote have given me cause for great concern, a concern which is probably felt by the majority of members of the House. The fact of the matter is—and the hon. member for Winnipeg South alluded to it in his remarks—that the Prime Minister and his administration have given their whole attention and priority, almost to the exclusion of everything else, to the so-called issue of national unity. There is not one of us in the House who would not support in general the "motherhood" concept of continuing as one country on terms that are most acceptable to the majority of Canadians, terms that are flexible enough to accommodate all people and all provinces in Canada. But what has concerned me more than anything is that, in light of our very serious economic situation today, it does no good for ministers to suggest that we in this country are better off than people are in Bangladesh, and that we have a better standard of living here. That is not what we are here for. We are here to look at the situation in Canada and try to accomplish this country's potential on the basis of the resources and the people in it. We are not here to compare ourselves with the lowest common denominator in the world, whatever that may be.

• (1542)

While we have these serious problems—and I hope to document and underline some of them—the Prime Minister continues to play a game of politics with the the national unity issue. I suggest that is irresponsible, and it will also be dangerous to the continuation of Canada as one country in the future if the Prime Minster is elected for another term. When this debate was focused on the problems of our economy, the Prime Minister attempted again, in a way only he is capable of doing, to divert and deflect the debate away from the serious economic problems we have, to the question of national unity, by dropping the suggestion that he was considering holding a referendum. I thought it was a possible déjà vu for all of us. On the question of plebiscites and referenda, the Prime Minister was almost saying, as my colleague the hon. member for Kingston and the Islands (Miss MacDonald) said in her remarks, that we in Canada are faced with the proposition of a referendum if necessary, but not necessarily a referendum. It harks back to the old conscription controversy during the Second World War.

As head of this administration, the Prime Minister has given us a legacy, with respect to national unity and with respect to the economy of our country, in which we cannot take very much pride. I do not want to look back to ancient history, but I wish to point out some facts from the days when this parliament commenced in 1974 and compare with them some of the statistics and facts we are faced with today.

In June of 1974, 469,000 Canadians were unemployed. Today, that number is 886,000. In 1974, in my province of Saskatchewan, 9,000 people were out of work. Today, there are twice as many, approximately 18,000 persons out of work, and this in a province which has had one of the lowest inflation factors in the country. Since 1974, prices have risen in the vicinity of 30.4 per cent. When we talk about the success of

the anti-inflation program in holding down inflation, I am not sure that figure gives much comfort at all to the people of the country generally.

Less than one year ago, our dollar—which is a reflection of the confidence of the people around the world in Canada—was worth $1.04 in United States money. Since then it has slipped to a low of 89 cents, and there is no indication that it will stop there, and no reaction on the part of the government except that it wants the dollar to float to what the Minister of Public Works (Mr. Buchanan), I believe it was, said would be a realistic rate of exchange in relation to the American dollar. In 1974, we had a $673 million government spending deficit. Now we have in the vicinity of a $9.2 billion deficit—almost one-twentieth of all the wealth we produce.

On the basis of these statistics and on the basis of the performance of the government in the last three years, if this administration is allowed to carry on for another three years the consequences will be catastrophic. In 1973, we had a balance of payments surplus. Now we have a $5 billion balance of payments deficit. In 1974, we exported crude oil. Now we import something like 365,000 barrels a day. In 1974, we had a relatively united country, compared with the situation today. Only last year the Prime Minister said that separatism was dead. Now we have Rene Levesque. In 1974, our real living standard rose by 4 per cent. Next year, in the final gasp of controls, workers will actually have their living standard reduced by about 2 per cent.

Those are the facts and the statistics we face as we start off this session of parliament and look toward the legislative program and measures this government is bringing before us for consideration. If the Prime Minister is sincerely interested in maintaining his cry for national unity, he will give priority to the state of our economy, because I suggest that that aspect of our business in this House is certainly an important factor in maintaining unity.

A person in Quebec who is unemployed is just as unemployed as a person in Saskatchewan. He has just as real a feeling of resentment about the system as an unemployed person in Saskatchewan. He has the same feeling, in every respect, that he is not being served by his government. While the question of the French language is important, it is not the only consideration. The sooner the Prime Minister discovers that, the better off our country will be.

I want to refer to the situation which existed at the time I entered this House, and to what has transpired since. I want to look back to some of the things we were promised in 1974. There were a number of promises and undertakings by the Prime Minister and this government. In the 1974 election campaign, the government promised a future far different from the one it actually delivered. In the elections of 1968 and 1972, the government bribed the electors with their own money. The government made $3 billion worth of promises. The government was far from telling Canadians, "They have to be told they are soft", to quote the Prime Minister, and "When the dollar falls about 10 per cent in one year it is because the world is telling us we are living beyond our means". That is what the Prime Minister said last Sunday, October 23.

The Prime Minister also said that Canadians need discipline, "and if they don't discipline themselves, we will discipline them". By "discipline" the Prime Minister was apparently referring to the whole proposition of controls, or worse. The Prime Minister was presumably referring to the government's promise, made by the Minister of Finance (Mr. Chrétien) in his mini-budget, to limit increases in wages and salaries to 6 per cent in the last year of the program. As I mentioned before, this will result in a reduction of about 2 per cent in the living standard of a great many Canadians. Obviously, one had to read quite a lot between the lines of the 1974 election rhetoric to find this reality. Just before the Prime Minister came into this House in 1974, he said:

> One thing about the freeze is clear. We can't freeze the prices on goods coming into Canada from other countries. They won't accept our freeze. So while your wages are frozen, those prices will be going up. Wage and price freezes have already been tried in the United States and Great Britain. It didn't work there. And they won't work here.

The hon. member for Halifax (Mr. Stanfield), then the leader of the opposition, did not talk about reducing workers' incomes. The answer of the Prime Minister in 1974, in continuing his tradition as a confrontationist, was that he was going to wrestle inflation to the ground. On the basis of the statistics and the facts I have given, when the Prime Minister makes a statement of government policy I wonder whether we are to believe what we are hearing and whether we are to accept any statement of the Prime Minister as government policy.

● (1552)

One thing that has impressed me about the Prime Minister is that if he says something categorically, the chances are he will do the opposite, and if he equivocates the chances are that he will in some way carry out the proposition he has placed before the House.

I am glad to see the Minister of Transport (Mr. Lang) in the House, because I want to remind him of some things that were said about transportation, particularly as it relates to western Canada. I recall when the minister told a public meeting that if the Liberal government were re-elected, not one railway branch line on the prairies would be abandoned as long as producers delivered to elevators on the line and the elevators continued to operate. It sounded something like an Indian treaty, Mr. Speaker—"as long as the grass is green and as long as the sky is blue". I ask the minister if he has changed his position from that time and whether this was a commitment on the part of the government, because we now find rail line abandonment taking place. Promises were made concerning agriculture, also, during the last election campaign.

Now I want to turn to something else that is of interest to me. In the field of energy, promises were made that have been kept in the same way as were those made about transportation. In the past few days there has been some discussion about nuclear policy and the allegations concerning an uranium cartel. I am concerned about this and the revelations which

have occurred in the last year, because of the substantial deposits of uranium in my province of Saskatchewan. During my time in this House I have been concerned about lack of a coherent policy for nuclear or uranium export and import. This area has been concealed by a cloak of secrecy almost as if we were still fighting World War II and were dealing with atom bomb secrets.

As far as I can make out, policy decisions regarding uranium exports and nuclear energy are made with very little, if any, public consultation. As a result, people have no way of assessing whether Canada is adopting the correct position regarding nuclear policy. A great number of matters have given rise to the fear that wrong decisions have been made in this area and that the federal government has not fulfilled its responsibilities.

Uranium is the responsibility of the federal government, yet we find this government has taken the "hands off" approach and has left it to provincial governments to hold public hearings on the matter. In Ontario there is the Porter commission dealing with nuclear energy, and in Saskatchewan there is the Bayda commission dealing with uranium policy. A good part of the terms of reference of that commission are outside the jurisdiction of the province and are within federal jurisdiction.

The Leader of the Opposition (Mr. Clark) has called for a public inquiry by a standing committee of this House or some other agency to ensure that the national responsibility set out in law will be honoured. As yet there has been no response from the Minister of Energy, Mines and Resources (Mr. Gillespie) or anyone on his behalf. The government has failed in this area of responsibility. On the basis of the things that have happened in this area with AECL, unless the government comes to terms with it we are not only failing in our moral responsibility to this country, but in the moral responsibility we have to the world.

[*Translation*]

Mr. Serge Joyal (Maisonneuve-Rosemont): Mr. Speaker, as the old saying would have it, history has whims but no habit. Speaking this afternoon after the hon. member for Winnipeg South (Mr. Richardson), I feel that this maxim is not entirely accurate. Some of my colleagues have recognized that the first paragraph of the throne speech took up again, one hundred years later, a statement made by Sir Wilfrid Laurier in 1877:

We are here, said Sir Wilfrid, under the government of the Queen, happy and free.

It was during the reign of Queen Victoria at the time when the sun never set on the empire and when, to reassert the wish of Canada for its independence in front of its neighbouring republic, the monarchy seemed the best rampart. A hundred years have elpased since. The English sovereign, as the Canadian head of state, despite the pompous rhetoric and commotion surrounding her travels, is only a symbol.

Yet, if in earlier times we have been able to display the crown and the sceptre to show ourselves different from our neighbours, we must recognize today, as our country is going through an identity crisis, that the throne no longer hold its

[Mr. Hnatyshyn.]

mystic virtues, at least for most French-speaking Canadians. Being the well advised person she is, Queen Elizabeth was quite aware of this, for she stated during her Quebec visit in 1964:

A dynamic state should not be afraid of re-examining its political philosophy.

The soul, the character of a people is expressed through symbols. "Any culture", wrote André Malraux in Le Musée Imaginaire, "is the incarnation of a legendary soul; but no culture is based only on legends, and if ours is more than fairy tales for grown-ups, it is because for us the story of Antigone is that of brothers who were enemies . . . Antigone was a young woman who, knowing that she may be buried alive, buries two princes who had died fighting—one for his country, the other against it—because they were her brothers . . ."

Sophocles' drama haunts our "national" conscience, so great is the risk of burying hope by staging a mortal combat pitting against one another two brothers whom history has changed into enemies.

Symbols are as essential to Canada's political culture, and thus to the knowledge of itself, as the imaginary and timelessness are to the arts of civilization. The legendary soul of a people does not express itself merely through its copper or stone monuments, figures that Beaudelaire calls "viable monsters", it continually feeds itself on the inexhaustible source of its symbols. Some authors, philosophers I must say, even maintain that the ills and crises of modern societies can indeed be explained by the absence of a myth particular to them. When Jung wrote one of his books *Modern Man in Search of a Soul*, he suggested that the modern world was in search of a new myth, which alone would enable it to find a new spiritual source and give it back its creative forces.

Pragmatists, and they are numerous in politics in the wake of Bentham, do not take exception to the obsolescence of the mythical language of Canada's political society. What is the use of symbols, they ask. This question, innocent in appearance, receives complex answers. Levi-Strauss, Barthes and Lefebvre have suggested difficult avenues. According to these authors, the symbol is exclusive: it should not be disputed in respect of its content, its sense, its meaning. The integrity of its qualities, they maintain, give it a power of gathering, of consensus. If it is contested, it loses its proper value, it cannot any longer be a mark of belonging.

● (1602)

By its very nature, said Levi-Strauss, a political society finds its own symbolic expression in institutions.

Mr. Speaker, in my opinion, symbolic efficiency is vital to the unity of the Canadian political society. Those who think that the symbolic language of our political culture is veracious, or that, in any case, the relevancy of the monarchy does not really matter, avoid part of the essential debates, that is to clarify the confusion which exists in the Canadian system between the function of Head of State of Canada and that of head of the government.

Anyone who claims to be honestly searching for a new sense to national unity will not forever be able to clarify that

ambiguousness. If we think that it is possible to build a politically mature country, we must ensure the relevancy of its symbolic vocabulary. Never will we succeed in unifying this country if its capacity for abstraction is cramped.

As long as the majority in the country forces upon the minority symbols which do not reflect its conception of the world, the Canadian society will go through growing pains which might not create a stir on the surface but will certainly prevent it from developing the same political culture—a body of references to an heritage which could be shared by two majorities.

In a study he published the year before the November 15 election, political scientist Léon Dion wrote, and I quote:

Rather, they concluded that to rule it was enough to provide bread and games—to alternate between the carrot and the stick—on the assumption that people, today as yesterday, are not very sophisticated in social and cultural matters. Here can we best see the importance the Parti Québécois could have for French Canadians. The task that devolves upon that party is indeed far-reaching: will it be possible for that party to help giving at last a political expression to the culture peculiar to Quebecers as it is shown today by the "chansonniers", artists, labour unions, intellectuals, citizen groups and young people? This is ultimately the great, in fact the only challenge to be taken up by this party: independence and social democracy are only a political reduction of the real problem, a problem which concerns the "vouloir être", the soul of the people.

The authors of the speech read last week would like to seek in the human mind the cause of the present state of dissatisfaction in the midst of plenty, concluding that this is also where the unity of the nation will have to take its roots. This thesis, taken from a Renan conference in the Sorbonne in 1882, leaves out one essential dimension:

Everything created by the mind, Giédion states, will have to be humanized, which means compensated by sensitiveness.

Too many Francophones, including a number of proponents of changes in the socio-cultural order, federal institutions have never been able to express completely the sensitiveness, the "vouloir être" of the culture which is peculiar to French-speaking people. The great political debates which have agitated Canada have always left Francophones humiliated, wounded, offended in their "vouloir être".

The majority of Canadians, in times of great decisions, used all their weight to break the differing will of its revolted minority. Though Francophones had to bow, in 1885, in 1917, in 1942 and again in June of last year before the fanaticism of the controllers and pilots, their right to differ, their will to resist have only grown stronger from it. And now I quote Karel Kocik:

From the political point of view, the vanquished is the one who allows the adversary to impose his views upon him, who judges his own actions through the eyes of his adversary.

If we are to rediscover a sense of unity, it will have to be through means entirely different from those taught us by the political history of Canada. Today, some would try to legitimize the political institutions established some 110 years ago by a national or local referendum. How demeaning for the lessons of history.

In October 1866, 21 Francophone members of parliament sent Lord Carnarvon, chief Secretary of State to His Majesty for the colonies, a petition requesting that the federal project be submitted to the approval of the population before receiving the royal sanction at Westminster. The petitioners, with judicious pen, wrote that if Confederation were accepted, and I quote:

. . . without the sanction of public opinion, and it is discovered at a later date that it is unacceptable to the majority of the people in some of the provinces, which (they believed) would certainly happen in Lower Canada, there will inevitably be violent unrest, either to have it recalled or to have it amended, which will lead to an era of trouble and dissatisfaction which will be highly detrimental to the interests of the various provinces and very awkward for the statesmen of the Empire.

This request was never granted, Mr. Speaker. The assembly disposed of the project of Confederation by a rather embarrassing vote; 26 French-speaking and 11 English-speaking members voted in favour, 22 French-speaking and three English-speaking members voted against. To submit to public approval a constitutional piece of legislation passed 110 years ago, after having rejected public consultation on the same issue, would be forgetting history. We must read over the speeches of the supporters of public consultation before Confederation came into being to realize that, long before us, members from Quebec had seen in the public will the basis of the political institutions of a nation.

It seems unacceptable to me that one should think of forcing a majority of Quebecers to stay within the present institutions because that is what the rest of the country wants. Nor could we reasonably want to have a constitutional framework approved today, when their representatives were denied public ratification 111 years ago. If this constitutional referendum that the federal government is considering is to have any meaning, it can only be after a new proposed constitution would have defined a new form of political society and provided French Canadians with new guarantees. Some will argue that all this is already in the legislation, the commitments, the statements of the federal government. It would be ignoring the reality to think that existing formulas are perfect and that we only have to adjust their implementation.

It is not enough to proclaim the equality of languages for this to become a fact in institutions and in practice. It is not enough to proclaim the equality of opportunities to make people forget that political dynamics is essentially a relation of strength in which the majority always wins when it wants to, unless the rules are rigorously modified, otherwise the objectives will be completely distorted.

A constitutional referendum is therefore simply a strategy to surprise or defeat adversaries. It comes first of all from the profound conviction that the participation of citizens in decisions which affect their future is a basic democratic value. Therefore, it should be determined if it is through a desire to apply this concept of democracy and include it in the constitutional amendment process that the federal government will introduce a referendum bill. Otherwise, it will be diverting for its own purposes a form of democratic institution whose contents and meaning are far above tricks and strategies.

When we go through democratic channels to decide the faith of states, we must ensure identical requirements and

meanings for rights and freedoms. After the events of October 1970, members of the federal government denounced publicly the weaknesses of Canadian legislation, and the War Measures Act in particular, to meet such exceptional situations while respecting as much as possible civil and political rights and liberties. It is unfortunate that despite the commitment made by the government leader in the House on October 27, 1975, a bill designed for such situations has not yet been introduced and the government has made no mention of it in its inaugural message.

As soon as there is a conflict—

—wrote Julien Freund—

—man is immediately willing to take side with one of the opposing parties, precisely to give it a retributive value, even by distributing guilt unilaterally. Is this not an admission that we give strength to the value of a judgment when we recognize that the cause of one of the opponents or antagonists is good and just and that of the adversary is wrong and iniquitous?

The crisis with which we are now faced is too likely to give rise to bellicose manicheism for us not to recognize as urgent the need to restrict the power of the state. The commitment to serve rights and liberties can be measured first of all by the urgency with which we prevent and solve situations where they could be threatened. The elimination from our statutes of potential abuses of power is a necessity which must command all our attention in our present uncertain situation.

To exist as a country, can Canada have other institutions than those defined in the act of 1867? That is the question that many of our fellow citizens, including sincere men and women whose commitment to the defense of a more open and more just society has been proven, are asking themselves about the alternatives that have been identified as a "third option."

Those people are indignant because of past injustice, worried, perhaps in a Montaigne kind of way. People who do not want destruction or disruption, those frequently used words in politics, but try in sober thought and in respecting other people's opinions, to reach a consensus around values which might bring about a common will to live which is closer to everyone's aspirations. That approach, which is essential in the definition of the balance we are aiming at, lies in fact on two virtues: tolerance and idealism.

The first comes from what Mounier once called "la dramatique d'autrui". The second comes from an understanding of freedom which says that "the theory where truth will arise is the attitude of a man who distrusts himself".

That should reassure all those to which individual as well as national independence are not absolutes. To try and specify values which the act of 1867 did not foresee is a process which cannot find a solution in obsolete formulas.

Far from being the so-called wizards of constitutional alchemy who unwittingly fell into the semantic trap, the "damned of the third option" stand a far better chance of being the explorers of the rediscovery of the sense of unity than of being the heretics of the official orthodoxy.

The inaugural address dealt at length with the present economic conditions; if it suggests immediate steps to face the

[Mr. Joyal.]

setbacks of an ailing economy, it barely touched on the more exacting concerns of those who beyond the immediate feel as Pisar that "the economic and moral aspects of our future cannot be dissociated".

This awareness of the stakes conveyed by the trend of the economic growth is not ignored by some government members. Did the Minister of National Health and Welfare not state on November 3, 1975 that:

Few are aware, for example, that in 1973, the families included in the lower 20 per cent of the economic ladder received only some 6 per cent of the total income, while one fifth of the people at the higher level got about 39 per cent. It has been extremely difficult to alter those ratios throughout the years, the gap being almost similar in Canada in 1951 as it is 25 years later.

This cool and clear-headed finding appeared a few weeks later in the Prime Minister's remarks at the end of the year:

We have not been capable of making good use of our free market system. What this system has eventually brought us is nothing but very high unemployment and inflation rates. We cannot go back and keep the same habits, the same behaviour, the same institutions.

There is no need to recall, Mr. Speaker, the outcry that these remarks generated mainly from banking and credit circles. The present structures simply cannot modify the power relation that has been established in this country between its various economic components. Although Canada sets aside more than 28 per cent of its budget for transfer payments, such operations have only helped at best in freezing the gap between incomes as it stood in 1951. They do not contain the seeds of a reduction of that gap. It seems that we have reached a certain ceiling in the capacity of the present programs to modify the scale of incomes. In a study released in March 1976 by a committee formed under the Minister of Consumer and Corporate Affairs called "Dynamic change and accountability in a Canadian market economy", the elements of a new approach were formulated which opened avenues for a redefining of the role and the limit of government action within the framework of a free market economy.

The lack of reference to this subject in the Speech from the Throne leads us to believe that for the present, the government is more concerned about lowering the rates shown by statistics than about performing an exercise of deep reflection on the orientations, the choices and the inequalities brought along by our present economic structures.

Mr. Speaker, I will conclude my remarks by saying that our country is engaged in a period of deep and intense reflection. Simplifications, historical shortcuts and mystifications must not prevail and make us lose track of what has always inspired the century-old resistance of Francophones throughout the times—their refusal to become assimilated and be part of an homogeneous society.

They have historically asked for justice; they have always recognized their own minority rights which were broader than they ever were granted elsewhere in Canada. They have always thought that being just was a way of questioning freedom as practised by the various seats of power, be they of a governmental or business nature. They have come to a moment in their history when they will no longer plead or beg

for the right to be different, they just want to "live their difference".

This is the sole responsibility resting upon us: to review entirely our political society to make sure that the laws and institutions of the country are a guarantee and reflect, in their action and their operation, the difference which has always characterized us.

● (1612)

[*English*]

Mr. Friesen: Would the hon. member for Maisonneuve-Rosemont permit a question?

Mr. Joyal: Yes, Mr. Speaker.

Mr. Friesen: Thank you. I noted with interest that the hon. member referred to a play by Sophocles, the play "Antigone", in which the central character was driven by what the critics call hubris to separate himself so much from society that finally he destroyed himself. I wonder why the hon. member did not elaborate on that aspect, rather than on one of the minor elements of that play.

[*Translation*]

Mr. Joyal: Yes, Mr. Speaker, I will gladly remind my colleague on the other side of the House, that Antigone did not commit suicide, but was condemned to be buried alive and that she symbolized love in mythology, in classical drama. As she was being walled in Antigone said: "I was not born for hatred but for love". And both her brothers lost in action specifically represent the hope she entertained of symbolizing love when, accepting the verdict of the jury, she preserved the two forces which had led to her death—hatred and love.

[*English*]

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I do not think I shall pursue that line of debate.

Some hon. Members: Oh, oh!

Mrs. Pigott: I am delighted to take part in the discussion of the Speech from the Throne. It is a great honour to have such an opportunity after the recent opening of parliament by Her Majesty the Queen.

October 18, the day of the throne speech, was a day of very special meaning to me, because it marked the first anniversary of my election to parliament.

Some hon. Members: Hear, hear!

Mrs. Pigott: So it was especially meaningful to me to hear the fine moving and seconding speeches of two members who also came into parliament as a result of by-elections. This first year has brought many insights and a new appreciation of the extent to which the spirit and decisions of this House reach out into our national life. I am proud to represent the people of Ottawa-Carleton. They have taught me, inspired me and shown me time and time again that it is not the great systems or the great laws which make a nation, but the life of its people.

The one event of the royal visit which stood out for me was the mingling of people of all faiths and ages, some of them in wheel-chairs, at the interfaith service as they gathered beneath the beautiful Peace Tower to pray for Canada. I felt hopeful that morning.

I do not wish to get into a debate at this time about the role of the monarchy in Canadian history, but I should like to mention one thing: during the royal visit, our attention was drawn to a woman who has performed her duty for 25 years in a most outstanding way as Queen of a Commonwealth embracing 36 nations and a quarter of the world's population. The superb record of Her Majesty the Queen is a great example to the government of this country which has repeatedly promised that the role of women is going to be more fully recognized, though I am afraid they have paid only lip service to that idea. Why could not the government have marked the visit of this outstanding woman by making a firm commitment to appoint a significant number of women to all boards and commissions, in appreciation of the role of women in Canada?

Some hon. Members: Hear, hear!

Mrs. Pigott: Cultural and linguistic equality are important, but sex equality is also important to this country.

I would like to speak for a few minutes about decentralization, Mr. Speaker. There are many upsetting aspects of the recently announced program of decentralization of government departments. Most disturbing to me is the fact that planned decentralization, which could well have been a positive step, has been replaced by a kind of manipulation and blatant political opportunism which has created what a local newspaper has called "The new Acadians."

Public servants recognize that many companies in private industry move their employees, and it is an accepted practice in the armed services. The method of decentralization, however, leaves much to be desired. So much of decentralization has placed planning second to political expediency that public servants, I am certain, feel like chessmen on a board—pawns in a game.

● (1622)

Would it not, Mr. Speaker, have been more humane to decentralize by establishing new government agencies away from Ottawa, as was done, for example, with Petro-Can, rather than moving existing operations? If we examine the decentralization being carried out as an investment in human and financial terms, little credit can be given to the "broker". There is, for example, little indication that local labour markets will be improved by jobs moved to the regions from Ottawa and staffed from the capital too. Duplicate staffing is inevitable in order to facilitate communication between Ottawa and the regions. Overhead costs will rise as new buildings are erected to replace existing government-owned space left empty in Ottawa. As my colleague, the hon. member for Grenville-Carleton (Mr. Baker), explained in his fine

speech the other day, it is silly to argue that decentralization will help unemployment when specialized agencies are moved to other parts of Canada.

The most critical weakness in decentralization planning is that it overlooks the fact that people are being moved, not just entries on an organizational chart, or desks and chairs. The government cannot claim to have the best interests of Canadians at heart when decentralization is being carried out without consultation, and when 13 or 15 units being moved are destined for areas important to Liberal election hopes. As one observer pointed out, if private industry attempted such a move, the government would step in to protect the workers on the grounds that it was not part of the original agreement when they were hired.

There has been no consultation. The Public Service Alliance of Canada has called for a committee comprising government representatives, departmental people and union officials to work together in planning decentralization. Lack of such consultation poses a serious threat to morale in the public service. The task force on decentralization is an internal inquiry. The cost of decentralization is unknown. No master plan is available. The government has argued that only 11 per cent of the United States public service is based in Washington—ignoring the fact that 80 per cent of the so-called decentralized units are within 40 miles of that capital city. In any case, is the U.S. example appropriate to the Canadian situation?

This lack of information is compounded by the fact that many employees affected by the moves learn of the decision through newscasts or a memorandum issued on the same day that the moves are announced. The number one employer in Canada gives little evidence that it comprehends or cares about the lives of its employees. Planning appears to be a game in which a roll of the dice determines how many people will move, and a spin of the political dial determines where.

I should like to speak for a moment about housing and urban affairs, for me a new area of concern. Mr. Disraeli said: "Man is not the creature of circumstances. Circumstances are the creatures of men." Housing in Canada is proof of Disraeli's words. Over two-thirds of Canadians live in urban areas. Housing and urban development are important issues in this country. Canadian housing policy must recognize the wide-ranging nature of the housing sector. Suitable shelter is a basic right of every Canadian. Housing is a consumer item; it is the major investment of most families, and it is a part of industry, providing jobs, income and tax revenue. The development of our urban areas is a critical part of the quality of life of Canadians.

One of the most significant aspects of the housing sector which faces those forming policy is its extreme regional nature. Local conditions accelerate fluctuations on the urban scene as economic and social factors change rapidly. The steadying hand of long-term objectives and meaningful consultation among all levels of government must guide short-term measures aimed at specific problems. The present ministry of housing and urban affairs has grown in isolation, losing its flexibility and sacrificing consultation for expediency.

The recently announced home insulation program is a sad example of this situation. Since the fall of 1975, the Progressive Conservative party has urged that energy supply measures be matched by energy conservation measures. The Leader of the Opposition (Mr. Clark) made this point clearly during the special energy debate in August, 1977. The International Energy Agency has questioned the apparent gap between promises and performance on the part of the government in relation to energy conservation.

I think the insulation program came into being because there was an August or September election looming in the distance, but a look at the insulation program discloses that it is discriminatory in that larger, non-taxable grants are allotted to the two provinces which, curiously enough, have Liberal governments. The program is inadequate. The estimated cost of insulating an average home is $900, while the maximum grant is $350. The head office for this program has been placed in a province which is not taking part in the insulation program. The lack of adequate regulation in this program has been a windfall for "quick buck operators". Inept installation and outright opportunism could cost Canadians more than money. As my colleague, the hon. member for St. John's East (Mr. McGrath), has said, many people are turning their homes into fire traps.

I should also like to mention an area of concern to me which is very much part of my responsibilities but, more than that, for me is the focus of great interest. I refer to the handicapped. In mentioning a revised social services act, the Speech from the Throne touched on an area which is of great concern to me—the future of the one in seven Canadians who are handicapped. We too easily assume that an arthritic person is lazy or that a deaf person is slow. It is convenient to be sympathetic and patient about the obvious disadvantages of the handicapped. We do not often consider that we have our own, less visible handicaps which they must tolerate.

The Canadian Council on Social Development has pointed out that much of present policy as it affects the handicapped is fragmented, badly co-ordinated and inadequate. In fact, we must recognize that disabled citizens are entitled to access to the same community services as other Canadians. Birth defects could be prevented, rather than cured, if budgets were revised. Medical rehabilitation is a hit and miss affair. Responsibilities are so scattered that integration of services to the disabled is impossible. Disability payments are often wasted on administration instead of services. We have made age a handicap. How much consideration has been given to some sort of phased retirement, short work week or part-time work for the elderly?

On June 11, 1977, redistribution became official and new electoral boundaries were established in Canada. Since the Chief Electoral Officer is charged, among other things, with issuing instructions to election officers, and since the Chief Electoral Officer is responsible to the President of the Privy Council, a great opportunity exists for the government to issue specific orders to local deputy returning officers in each of the

federal constituencies to ensure complete accessibility of polling stations to those Canadians who are handicapped, especially the 100,000 or so Canadians who are wheel-chair users. I urge the government to consider these measures not as a matter of charity but as a matter of right. Harry Kemp once said:

I pitied him in his blindness
But can I boast, "I see"?
Perhaps there walks a spirit
Close by, who pities me.

Just a word about the future. Events of the past year have turned the thoughts and concerns of Canadians toward the future of our country. Options of many kinds have been brought forward. Changes in attitudes, however, may be more important than constitutional changes. The strains on national unity reflect many other serious problems. The spirit of trust necessary to sustain and build a strong Canada will develop only when citizens from all parts of Canada are able to explore solutions to our problems together and in good faith. We should remember that we talk of our resources and still largely ignore the energy and management potential of the half of our population who are women. Government employees are expected to be public servants, but they have so small a role in the decision to decentralize that they might as well be slaves.

● (1632)

Our urban centres, the largest of which could be provinces in their own right, must develop while coping with a lack of guidance, co-ordination and consultation, from an Ottawa government which does not co-operate or consult with the provincial governments about their concerns. We talk of democracy and then effectively block the ballot box for one in seven of our voters.

An hon. Member: Right on.

Mrs. Pigott: Our future will be assured when this government begins to listen to the voices of the people and replaces the kind of politics which respond only to election promises.

Some hon. Members: Hear, hear!

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, it is indeed a privilege to participate in the throne speech debate, especially in the Silver Jubilee year of the reign of our sovereign, Queen Elizabeth II. We were honoured, and indeed grateful, to have had Her Majesty participate in the opening of the third session of the Thirtieth Parliament of Canada.

I should like to take this opportunity to congratulate the mover and the seconder of the Address in Reply to the Speech from the Throne.

As I make my speech today, I vividly recall my emotions of excitement and humility when I delivered my maiden speech in 1957, at which time the Queen opened the first session of the Twenty-Third Parliament of Canada. Today, 20 years later, as we begin this session under the glare of television lights and the scrutiny of several cameras, my feelings are no less intense. I hope televising our deliberations in this chamber will help to make our work more efficient and, above all, give our people a chance to see parliament in action.

Also, I welcome this opportunity to say how proud and grateful I am to represent the people of Parkdale in the House of Commons. They reside in an attractive part of west end Toronto on the shore of Lake Ontario. Parkdale has an interesting history of tradition and change about which we will hear more as its residents prepare for the celebration of its centennial in 1979. Many of my constituents were born in this great country, but many are immigrants or first generation descendants of immigrants who have adopted Canada as their country and, with their fellow Canadians, are generously contributing their work and their talents to make Canada an even better place in which to live and raise their children.

Parkdale is a reflection of the Canadian multicultural mosaic. Its people have family ties in other parts of the world and, therefore, international developments interest them very much. Many of them are closely following the Belgrade review meeting of the Helsinki agreement and the final act of the conference on European co-operation and security to which Canada was a signatory nation, along with 34 others, on August 1, 1975, in Helsinki.

As in some other countries, we have organized a parliamentary Helsinki group, reading the reports from Belgrade and watching the actions of governments. We have a parliamentary observer group in Belgrade and a group in Canada keeping in touch with concerned Canadians. The Helsinki agreement review conference, without a thorough examination of respect for human rights would be a mockery of the solemn commitments of 1975 and an abdication of the responsibility of governments to their people. I am sure the Canadian government will not be dissuaded from pursuing its humanitarian concerns so nobly begun and carried out during the initial negotiations of this conference.

We are particularly happy to hear in the Speech from the Throne that the goal of enhancing the rights and freedoms of Canadians can also be pursued through commitment to the principle of open government. An example of that commitment was the enactment of the Human Rights Act, the recent appointment of the Human Rights Commission and the Privacy Commissioner. In the future promotion of open government, parliament will be asked to approve the establishment of the office of ombudsman to deal with complaints arising from federal administrative actions.

As a member of parliament during the past several years, I have been astounded by the number of complaints from my constituents. Unfortunately, it is difficult to help them, in view of the bureaucracy and lack of such an office as that of federal ombudsman. Many of us who have been advocating such an office welcome this announcement of our government and hope it will bring greater and swifter redress to those Canadians who have been wronged.

I truly believe that the present session of parliament is shaping up into the most important and the most crucial session in our parliamentary career. Canada and the world are

confronted with many serious problems. Our industrial civilization is very seriously challenged by the energy crisis, inflation and unemployment. Governments and their people must rally and mobilize their will and resources to fight this grave threat to our socioeconomic survival.

Along with other members of the House, I welcome the government's initiatives announced in the Speech from the Throne which are evidence of the federal government's determination to give political leadership, strong government and an unwavering confidence to Canadians who are impatiently awaiting our best efforts in these difficult times. Therefore, this is not the time for half measures or petty politics.

During this period of wage and price controls, which had to be adopted to fight galloping inflation, Canadians have co-operated to restrain their demands on the economy and have achieved some successes. As the Minister of Finance (Mr. Chrétien) reported to us in his mini-budget address last Thursday, many companies have learned to deal with the problems of rising prices. We welcome the minister's announcement of measures designed to achieve a sustained growth in our economy of between 5 per cent and 6 per cent in order to bring down the unemployment rate and that the expansion should be led by exports and business investment.

As well, the minister explained the operation of the three root causes of our economy's setback, namely, weakened exports, increased costs of production, and lack of confidence. Then he proposed a five-point program to stimulate the economy without increasing the danger of inflation, namely, a phase-out of controls beginning April 14, 1978, a personal income tax cut of up to $100 for low and middle income taxpayers; further job creation programs; an employment credit for job creation, and the maintenance of strict restraint on government expenditures.

Also, he appealed for the help of all Canadians because government cannot do everything itself. He appealed to the opposition members in parliament to stop politicking and to start swiftly enacting measures proposed in the last budget and in the mini-budget of last Thursday. Time is precious, and each hour lost delays the benefits to our people and increases costs in general.

● (1642)

In the long term we must try to get all sectors of our population to co-operate with the government in developing without further delay an economic and an industrial strategy. Many of us have been asking for this for a long time, and I hope we will not have to wait much longer. The battle to provide more jobs, increase growth and ensure a stable economy will not be won without firm action and definite planning, and especially without the consultation and co-operation of business, labour and, indeed, all levels of government.

The recent reports of the Science Council of Canada and of our Liberal caucus's industrial policy committee should be given serious attention by our government in planning future economic and industrial strategy. In particular, the Canadian manufacturing industry should be strengthened in the face of lower tariffs which are now being negotiated in Geneva at the GATT meeting. Some economists are even advocating a "Buy Canada Act", and others are recommending a greater effort to buy goods made in Canada. At this time I would like to appeal to the ministers in charge of the large economic portfolios to do everything possible to help save the jobs of employers of Northern Telecom, Anaconda Brass, and INCO where we hear that mass lay-offs are impending.

In harnessing our major programs to the objectives of a national industrial policy, we should try to create tax revenues instead of giving subsidies, and to develop industrial competence instead of relying on research from abroad. But the tax environment is very important to all such linked industrial objectives as specialization, research and development, and the processing of raw materials. The tax regime must be set so as to reinforce other measures and be related to achieving competitiveness. I think, also, it is time to re-examine and reform our tax structure as it applies to primary resources and secondary manufacturing industries, and to encourage the initiative of our businessmen, with tax incentives, to build and invest in Canada. Unfortunately, we hear that too many of our business and financial institutions are investing in states such as Florida where the tax structure is more favourable to them. These businessmen and investors are asking for more stable tax policies which would give them time to make long-term plans.

I also agree with the government that a special, comprehensive small businesses act is urgently needed to serve the needs of the smaller owner-managed sector of our economy, and that at this time of high unemployment our manpower training programs should be upgraded and made more practical, such as, for example, that the unemployed on these retraining programs be trained on the job. I think this will go a long way toward successfully relocating the unemployed people of our country.

We are particularly happy to hear from the Minister of Finance that this year and next year the government will be spending over $1 billion on direct job creation, and also the announcement by the Minister of Employment and Immigration (Mr. Cullen) that a special fund of $5 million will be made available to train our unemployed youth. We should also implement the 14-point program announced by the Minister of Labour (Mr. Munro), together with the establishment of a national consultative forum and fair comparison bargaining in public and essential services, as they are important elements of an over-all industrial strategy.

Some philosophers state that we are what we think, and some nutritionists state that we are what we eat. I believe that both are right. I also believe in the adage attributed to Juvenal about a sound mind in a sound body. That is why I was happy to hear about the new national policies on food and amateur sport. We are awaiting with impatience the forthcoming policy on recreation and physical fitness which is an important part of the government's legislative program for this and the coming year.

We learned with satisfaction, in the throne speech, that the government is taking new initiatives in the development of a

comprehensive national food policy by calling a national food conference next February after having received submissions from major sectors in this field. Canada does need an up-to-date food strategy, and I hope that during that conference expert nutritionists will be present who will study the problem of nutrition in Canada and, above all, the effect of the many food additives that are being allowed in our food products at this time.

The world is facing a food crisis which may be even more serious than the energy crisis. World stocks of grain are at a very low level, and there is increasing evidence that the pressure on food resources will not lessen. As was stated yesterday by the Minister of Agriculture (Mr. Whelan), Canada has a unique and immense potential to increase its food production, in spite of its severe climate. The Canadian labour force and investment community have the capacity to develop a gigantic food industry in this country, as some economists have stated, such as Dr. G. Korey and Professor K. Eckhard, who in a major paper presented not long ago stated that Canada has the potential to become a world food bank, not only by bolstering secondary industry and becoming a great food exporter, and thereby reducing our trade deficits.

As a physician, I cannot refrain from reiterating my appeal to the government to increase its vigilance over the many new chemicals and other products introduced into our work and home environments. These new chemicals are dangerously altering our environment and are exposing man to growing amounts of harmful pollutants. As a result, today we are faced with the great problem of environmental diseases, including cancer, caused by asbestos, vinylchloride and other substances. We are faced with other environmental diseases, including birth defects, mercury and arsenic poisoning, chronic respiratory diseases, deafness, and many others. However, the proposal of the Minister of Labour for the establishment of an industrial safety and health centre should help to identify occupational health hazards and recommend any changes that are necessary as well as the strict enforcement of regulations.

I should like to propose, also, that the federal government enact laws and regulations regarding special toxic substances, making it the responsibility of manufacturers to prove that their products are safe before they are put on the market. Such measures would help prevent new toxic substances entering the environment and endangering our health and lives, as well as upsetting the delicate ecology of our earth. We Canadians have reached a crossroad in our national life. Redesigning national socioeconomic policies is fundamental to the achievement of national unity. The urgency of constitutional reform and an economic strategy is made more acute by the separatist challenge from the Parti Québécois government elected last November 15. So we welcome the intiatives of the government and the leadership of the Prime Minister expressed in his statement, that he is profoundly dedicated to the spirit and achievement of unity. The work of the task force on Canadian unity should assist Canadians to participate more actively in the debate and make a greater contribution to the future shaping of our country.

• (1652)

We are looking forward to the measures relating to the constitution of Canada so that a new federalism will emerge and receive the support and devotion of Canadians everywhere. We welcome the historic "Statement on Language" approved at the meeting of provincial Premiers last August, and the proposal to entrench in the constitution language rights in education. At this time I want to join with those Canadians who abhor the abrogation of English language rights in Quebec's language bill 101, and appeal to the government to assist the minority of Quebec to fight for its language rights.

I am sure we all welcome the government's proposal to amend the Official Languages Act and to clarify the role of the courts in safeguarding the equality of status of the official languages within the jurisdiction of the government of Canada, and the government's commitment to ensure greater availability of education in both official languages. I am sure we all agree that the great majority of Canadians are dedicated to the strengthening of bonds between Canadians speaking our two official languages and those belonging to our many different cultural backgrounds.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but his allotted time has expired. Nevertheless, he may continue if there is unanimous consent.

Mr. Ellis: I am sorry.

The Acting Speaker (Mr. Ethier): There not being unanimous consent, with the permission of hon. members I would like to make the House aware of the proceedings on the adjournment motion.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa-Vanier (Mr. Gauthier)—Bilingualism—Suggested amendment of Official Languages Act to eliminate certain injustices; the hon. member for Surrey-White Rock (Mr. Friesen)—Housing—Reason for failure to protect home buyer; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Veterans Affairs—Amendment to provide for widows of veterans receiving less than 48 per cent disability pension—Government position.

THE SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mr. Dawson for an address to Her Majesty the Queen in reply to her speech at the opening of the session.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I take great pleasure in being able to participate in this debate because it allows hon. members to digress from the tedious rigidity of normal debate and to elaborate on some of the problems which are of particular concern to us, our regions, our provinces and our constituencies.

This is a particularly critical time in our country's history. It seems that every conceivable challenge which must from time to time be met by governments in the free world has been thrown at us. We are divided from within, in terms of geography and cultural goals and objectives. We have lost the confidence of our friends abroad, who are expressing discontent to us in economic terms. We are forced to direct all our attention to issues of national unity and to making patchwork repairs to our national fibre. This leaves us little time to address ourselves to the massive problems of unemployment and inflation which have caused much anxiety and fear among our population.

Many of the problems we now face cannot be isolated because they are all interrelated, one being the cause of the other and one equally and potentially as dangerous and disruptive as the other. Up to a year ago the government was able to compare our situation with that of other free countries around the world. Economic difficulties were a global problem brought on by the energy crisis, shortages and over-supplies of essential commodities, and significant changes in the behavioural attitude of people in the free world.

However, no longer can we make an analogy with other nations. The problems to which this government must address itself immediately are now peculiar to our own situation only. It almost seems that the methods and procedures which have been developed under our constitution—or the constitution itself—are no longer sufficient and broad enough in scope to accommodate the necessary changes which need to be made in order to correct some of the most serious imbalances which have occurred in our system.

In one of the brighter phrases of his speech, the Prime Minister (Mr. Trudeau) gave us an indication that he, too, has considered constitutional reform and Senate reform, using other countries as models, to satisfy the needs and objectives of regions and provinces. The Prime Minister made comparisons with the constitutional model of West Germany, where the upper House is appointed by region, which gives the senators a real presence in the nation's capital, allows them to take a real part in the decision-making process and allows them the power an upper House should have with respect to matters which relate to regional concerns and regional differences. It is obvious to me that that kind of reform is essential for us in Canada if we hope to keep our country together. We must decentralize, not just the bureaucracy but the decision-making process as well.

[The Acting Speaker (Mr. Ethier).]

Premiers' conferences are not enough, although the Prime Minister would likely prefer that. This would give the Prime Minister an opportunity to play the House of Commons off against the Premiers, and vice versa, an exercise in which he has already developed impressive skills. These skills are particularly evident when we assess the Prime Minister's behaviour in the establishment of bipartite negotiations with labour and business. The Prime Minister does not believe in tripartite negotiations in which three partners sit at one table in one room. He believes in talking to one partner at a time, exposing the other partner as the villain and never accepting any blame himself.

The reforms made in our system must be more fundamental than those we have seen. In spite of all the technological achievements over the past 50 years, we have not been able to bring our country closer together. We are, and likely always will be, dislocated by geography and economic and social realities. There is no amount of legislation which can bridge the gaps which will divide us into a number of regions with peculiar problems, but with unique opportunities as well. Our regions have developed their own priorities and objectives, and I consider it not to be of the gravest consequence that one of the priorities of the Quebec region, for instance, should not be to insist on linguistic duality at the moment but, rather, to assure that the great culture which has always been inherent in the French culture and linguistic group is preserved and that it be allowed to catch up in the economic area as well.

Our compatriots in the province of Quebec are not the ones who need to continue to chase after an illusive cultural identity, as we in the rest of the country need to do. Our compatriots in Quebec have other objectives, and they should have the right to pursue those objectives in a confederation.

As a matter of fact, having regard to the reality of Prince George, the Peace River country and all of British Columbia I fail to detect any enthusiasm toward the other official language. In fact, I could cite numerous examples of discontent which has been expressed to me in connection with the obsession of the Prime Minister to bring the French fact beyond an irreversible position in this country. It has been a divisive tool the Prime Minister has used to keep our country together, and his objectives have not been met.

All of us who have command of another language can appreciate the tremendous asset such skills can be, and our whole society would be enriched by the acquisition of such skills, but of so many other things which the individual likes to decide for himself this is probably the most critical one.

Parents who trace their ancestry back to cultures which do not find their roots in either the French and English cultures would likely aspire for their children to be able to acquire the language their forefathers spoke. Once upon a time, hon. members will recall, the government actively encouraged new Canadians to preserve language and cultural values they brought with them to their new homeland. Multiculturalism

has become a rather seasonal thing—the seasons change and advance with the prospect of a new election.

● (1702)

Like their compatriots in the province of Quebec, my constituents are not so much concerned about the fact that they may have trouble communicating with their government in two languages as they are concerned about communicating with it at all. The concern for the biggest part of my constituency is not the lack of a French channel on television, but the absence of any kind of television at all. Come to think of it, there are major settlements along the Alaska Highway that have no radio reception, and the great proud public institution known as Canadian National Telecommunications has yet to figure out how to keep a telephone working along the 500 miles of the Alaska Highway, which is in my constituency. The telephone line, like the highway itself, was inherited from the United States in 1943 and little has been done to improve the service.

Now, Mr. Speaker, I am speaking about the same Alaska Highway which is about to become the main staging area for the construction of the Alcan pipeline. As I do every year, Mr. Speaker, I travelled the route this summer. Already, there is excitement and activity related to the pipeline. For one thing, the oil industry is busy drilling for and developing the reserves of natural gas located in northeastern British Columbia. I assume that the industry is gambling that the government will allow it to export some of its harvest to the United States under the exchange or swap arrangement everybody talks about so much. It would deliver the overage of natural gas in our country to the United States, and take it back once the Alaska pipeline is built. Nobody knows, of course, and the people who will eventually make a decision are not yet saying.

There are surveyors, prospectors, engineers and entrepreneurs, but none knows what they are doing. They are not even telling each other. Residents along the highway are convinced that they really do not know themselves. What residents do know is that those who are most affected by what is to take place will be the last to find out. We have become accustomed to that. The pipeline will be no different than any other of the massive projects which have been conceived, planned, and put in place by some faceless industrial and social engineer in one of the concrete jungles in the south.

The highway itself was built under a crisis situation as a defence project. To those who had to live and work on the highway it has been a crisis ever since. The Peace River dam, the B.C. Railway, the pipelines which are already in existence, all have been built without any consultation with local and regional governments and agencies, service organizations or the people.

All have caused unimaginable hardship to local residents who are faced with all the negative side effects such projects bring with them, particularly during construction. It is almost as if it were the responsibility of people living in the frontier areas of our country to assure for their contemporaries in the cities and concrete jungles all the comforts of modern life, without ever being eligible for some of them themselves.

The resources which are harvested in the north sell for one third less 900 miles to the south. A gallon of gasoline costs $1.50 in some places along the highway. This includes a 17 cents road tax the government of British Columbia adds for good measure to the 10 cents federal tax. The fact that the British Columbia government does not spend a nickel on the road which is entirely under federal jurisdiction does not need to be considered. But then the federal government disclaims any jurisdiction as well, so it is probably all right for the province to charge road tax.

You will recall, Mr. Speaker, my assiduous attempts to get the former minister of Indian affairs and northern development to consider the broadening of the terms of reference of the Lysyk Commission to add northeastern British Columbia to the study of the Yukon. The minister announced that he has no jurisdiction for areas within the provinces. This confuses particularly the native people in the area who look only to the federal government as the guardian of their special rights. Special rights indeed!

How unfortunate, for with the least bit of foresight and co-ordination of planning, a project such as the Alcan pipeline could accommodate without additional cost the legitimate aspirations of the people in the area. Who else but they themselves know best how to approach such a project from the human standpoint at least—how to work in the harsh, often inhospitable climate—how to use nature's incredible might to aid, not hinder, man's progress—how to arrange things in a way by which the finished product will have some lasting benefit—how to transform the facilities which will be required to service the construction crews, to serve the communities in the north, and give them greater stability once the project is finished.

Let me give you an example of what will happen instead. Because there are no facilities it will be necessary for the pipeline planners and contractors to build their own. They will require a very sophisticated communications network. Every hour of down-time can mean millions of dollars. They will build airstrips, machine shops, roads, camps with elaborate recreational facilities, power stations, waterworks and other services, the likes of which have never been seen in the north. After all, it will be mostly workers from the south doing the job who are not prepared to forgo any part of their accustomed lifestyle.

Northerners will watch in awe. It will seem like a scene from a science fiction movie, but they will not be allowed to play. The toys will all be taken away or bulldozed over once the last scene is shot. Scientists and engineers will let their imagination run wild. The latest technology will put the dream in place; then it will all be gone. It will even all be paid for—added to the cost of the gas which will keep southerners comfortable. Then it will be gone—just as quick as it all came. It is too bad it could not all have been planned just a little differently.

The only thing we in the north have to be thankful for is that gone as well will be the gamblers, the pimps and the prostitutes, leaving behind only their ugly memory—the rem-

nants of a bad dream—or would nightmare be a better description?

My constituents, residents along the Alaska highway, will go back to staring at a blank television screen and waiting for a week at a time to use the telephone to communicate with the outside world—driving through mud, potholes, and dust to go to the doctor or dentist—taking their lives into their hands to pick up the mail 30 miles away.

I also travelled to Alaska this past summer to look at another pipeline. This one is finished. The boom has come and gone but some things will never be the same again, of course, for the people who were touched by the intrustion of the Alyeska project. Even cities like Fairbanks, well established, having been born out of the first major discovery of northern resources, gold, will have serious difficulties overcoming the shock southern planners and social engineers have perpetrated on it. They built new cities as well. There is a place that looks like a moon landscape—large buildings, pump stations, power stations, at Prudhoe Bay. There was nothing there before—just ice and snow, and a sparse growth of moss that makes up the tundra and provides food for the caribou.

Here the planners really had a runaway. There are beautiful parks under glass, with even some live southern species of trees. But most of everything else is made from a byproduct of the oil harvest. There is even a new futuristic social order which not only discourages intimate social contact between male and female workers but actually prohibits husband and wife from living together in the new plastic society. Our guide told us that sex is a misdemeanor and any infraction results in immediate dismissal of both partners. One of the workers gave us his definition of the term misdemeanor. He said the more we miss it, the meaner we get.

● (1712)

About the only scene visible in the area which bore any semblance to reality was a small number of caribou who were going about their business seemingly undisturbed by all the nonsense going on around them.

Isn't it ironic, Mr. Speaker, that the part of nature about which we were most concerned will be the least affected when all is said and done. However, the incredible human sacrifices that have to be made to satisfy the modern time social engineers who build the projects are most significant.

Let me serve notice on those who are about to embark on phase two of the Prudhoe Bay energy development that my constituents will want to have something to say about the sacrifices they will have to make. I would, however, also like to make it clear that we in northern British Columbia welcome that type of development. Unlike most other observers who pass their judgment from York University, we have learned to appreciate the stabilizing effect such a project can have on small communities, struggling to afford some of the most basic amenities of modern life.

The tax base and influx of permanent jobs in connection with the operation and maintenance of the pipeline is a welcome feature. In most cases we found that pipelines even offer some positive features in terms of the environment. The rights of way provide better access to other resources. Moose and deer like the growth on the right of way and can therefore be seen in abundance, but most of the prosperity inherent in such a project will accrue to all Canadians.

[Mr. Oberle.]

We hear that $4 billion will be spent on Canadian material and supplies, and thousands of manhours will help to ease the unemployment situation. Is it therefore not reasonable to insist that the negative side-effects will, as well, be shared throughout our country?

Over the past few days I have demanded from various ministries the establishment of a technical planning committee to plan for the part of the country which I represent. I have demanded the ministry get involved and study what has happened in other projects and safeguard against negative side-effects in those areas so that my constituents will have a rightful place in Canadian society, like all Canadians, and be able to make their contribution to our country.

Mr. Derek Blackburn (Brant): Mr. Speaker, I wish to extend briefly but sincerely personal congratulations to the television crew members in the House and the production staff. As a member of the special House committee which was given the mandate to implement television broadcasting of the House of Commons, I want to say that I am extremely satisfied with the tremendously good job of the CBC and the technical personnel whom they have hired to carry it out.

As with any throne speech, we are dealing with generalities. I am now well into my seventh year in this House. It is not exactly a track record. However, in the time that I have been here I have not listened to a throne speech so lacking in national direction. As well, the mini-budget repeated the same policies that the Liberal government has been attempting to implement since 1963.

Let us not forget that the Liberal party has been in power continuously since 1963. It is very easy for a member on this side to say it is time for a change. That is a worn out phrase. However, if you look at what the Minister of Finance (Mr. Chrétien) had to say last Thursday, you will see that his department is still bankrupt of new ideas, policies, fiscal and monetary, and directions.

We are still talking in terms of solutions to problems which have not worked. We are still having legislation introduced that will give corporations large tax breaks, exemptions, and deferrals.

I was in this House two or three years ago when the former minister of finance, the Hon. John Turner, introduced a budget which was designed to create jobs and lessen unemployment. That budget was to stimulate the economy by putting more investment money in the hands of corporations. Several months after his budget, the then minister of finance sent a questionnaire to many of the large corporations directly affected by his budgetary measures. The reply that came back was very clear. The tax breaks, tax deferrals, rapid write-offs, depletion allowances and so on, had not in fact contributed to an increase in new jobs or a decrease in unemployment.

However, last Thursday evening we got another dose of the same old medicine.

I am beginning to wonder how much longer the Canadian people, whether they are aligned to my party, the Liberal party or the Progressive Conservative party, particularly the million plus out of work, the underemployed and the youth who have been educated at great cost but cannot find jobs suited to their education, will continue to accept the same old medicine that has not cured the economic ills of this country for the past ten years, particularly the last three or four.

I sincerely hope the majority of Canadians will think intelligently about the economic issues facing this country. I suggest, with great sincerity, that this is tied in with the national unity debate, crisis or issue.

I wish to make a few references to the national unity situation. I am convinced that if the economy were buoyant and unemployment were low in the province of Quebec, the young people in that province, as well as the middle aged and the older, would not consider separatism such a dynamic force. Let there be no mistake about it. Even though perhaps 30, 35 or 40 per cent of Quebecers would like to separate, and perhaps even fewer, there is the feeling in the province of Quebec that somehow they have developed despite Confederation. There is a feeling they have been able to preserve and develop their language and their culture in a sea of 220 million English-speaking North Americans. This has resulted in a tremendous sense of pride in the manner in which they have maintained their identity.

● (1722)

In fact—and I am speaking of Francophone Quebecers—they are a nation in the French meaning of that word. I am not quarrelling with that attitude nor am I quarrelling with this insularity, because they have had to promote themselves in order to survive. But I am convinced the average Francophone Quebecer would feel much more at home in Canada if the party presently in power federally, and in particular the Prime Minister (Mr. Trudeau), a Francophone himself, had understood, not only in a cold and academic way but from the heart, the real feelings of the province of Quebec.

Some may say the hon. member who is presently on his feet represents a riding in southwestern Ontario. That is so. But, Mr. Speaker, on my mother's side I come from five generations of English-speaking Quebecers and I can tell you that I am not proud of the way in which some of my ancestors treated French-speaking Quebecers in rural Quebec, specifically in the Eastern Townships.

My grandfather refused to learn to speak French. My mother attempted to speak French but left the province for the prairies and, when she did, she forgot the French language. I can recall on the 11th range, not far from South Durham, little French children of my age—I am going back, now, to the 1940's—running around in the summertime without shoes, half-clad and poverty-stricken, in contrast to the children of English-speaking farmers who were not rich but who were certainly much better off. There has always been antagonism between such groups. Speaking in terms of Montreal, it was between those who sat in the front offices and the Francophone workers who were behind on the assembly lines or production lines. It was the same in the rural areas. Very often the poorest farms were owned by French-speaking Quebecers while the best land was owned by English-speaking Quebecers.

The question I am getting at is this: what has the present Prime Minister done in the past ten years to try to explain the growing bitterness in Quebec, first apparent in the quiet revolution of the early 'sixties in the "maîtres chez nous" period and reaching a dramatic conclusion on November 15 with the election of René Lévesque and the Parti Québécois, which was really a ceremonial seal being placed upon what had already occurred? If we are to understand the aspirations and determination of Quebecers we must bear these things in mind.

Let there be no mistake about it, Quebec is potentially a very rich geographic entity. It could trade with France and the French-speaking community overseas. It could "go it alone" although there might be years of trial and difficulty. Let us not forget that if they are determined enough to go, they will go. I think that it is finally incumbent upon us in English-speaking Canada to take a new look at the Quebec fact and at the French fact in that province.

I should like to draw an historical analogy with events in the United States. I realize that when one becomes involved in historical analogies there is always the problem that the facts do not fit together completely. But let us cast our minds back to the United States in the 1850's. When I was in high school I was taught that slavery was the major issue in the war between the states, but if one reads those American historians who give more weight to the economic situation at the time, one finds that slavery was not the cause, or the major cause, of the war of secession. It was the politicizing of slavery, the extension of slavery into the territories in the west, the states of Kansas, Nebraska and so on.

The American constitution lays it down that each state shall have two senators, regardless of the size of its population. When it became clear to the political leaders of the south, many of whom had begun to free their slaves, that it was no longer financially and materially profitable for them to remain within the union, when it became clear that they had lost their balance of power in the United States Senate, it was then and then only that they decided to secede. I believe there is an analogy there.

I believe French-speaking Quebecers feel today that it is no longer financially, materially and politically advantageous for them to remain within the present structure of Confederation. But have we heard from the Prime Minister on this question? When the travelling circus—pardon me, the travelling caucus—was in Brantford, was anything discussed there by any of the three cabinet ministers or any of the three Liberal MPs along these lines? Did they address themselves to this great national issue? No, Mr. Speaker. The Minister of Public Works (Mr. Buchanan) got the headlines in the Brantford *Expositor*. They were to the effect that the government might

tamper with the old age security program and cut back children's allowances.

I say to hon. members on the other side, as a matter of interest to them, that it would have been better had the Liberal travelling circus, or caucus, not gone to Brantford. No important national issue was discussed there. They came to listen, and all they did was talk. That is not the way to enter into a dialogue with constituents. I have not heard of them travelling to ridings represented by Liberal members, though I could be wrong.

The unity issue in this country is tied in directly with the economic prospect facing us. Unless and until we can come to grips with unemployment, with job insecurity which causes emotional instability, nervous breakdowns, disruption of families, and juvenile delinquency, it will be extremely difficult to resolve. All of these flow from economic problems plaguing the nation.

● (1732)

I am very happy to see the Minister of Finance enter the Chamber. He is a busy man these days and he personally is a very likable man. But unless he can come up with something a little more innovative, a little more creative and dynamic, something which comes more from the heart than just the mind, then what he said last Thursday night is not going to solve our basic economic problems. It is not going to solve the unemployment crisis. We already have on record the fact that it did not work with Mr. Turner's budget, and it did not work with the budget of the hon. member for Rosedale (Mr. Macdonald). Yet we are getting the same dose of medicine for the same disease.

I love my country, Mr. Speaker. I do not want to see it break up. I do not want to see divisiveness in the west or in Quebec or in the maritimes. But when you consider that in a riding such as Brant, in the so-called affluent part of Canada, southwestern Ontario, the real unemployment rate is around 11 per cent, the highest since the great depression, and when you consider the unemployment rate in parts of New Brunswick, Newfoundland, Cape Breton Island and the northern areas of our country, is it little wonder that people are asking why they should even bother to go out and vote on election day? They ask: "What is the point? Can they do anything? Will the government do anything?"

These are fundamental questions which we have to ask ourselves. We have to come to grips with our problems in this country in a spirit of unity. In summation, we in Ottawa have to create an environment in which Quebec City is just as important a provincial capital as Regina, Victoria, Toronto or any of the other provincial capitals. I suggest, Mr. Speaker, we are not going to do it with the stroke of a pen on a legal or constitutional document; it has to come from the government—from us—directly to the Canadian people. Whether we are Francophone or Anglophone, we must work together.

Hon. Herb Gray (Windsor West): Mr. Speaker, the throne speech speaks of "the urgent need for important structural adjustments" in the Canadian economy. The prices and incomes controls program, which began some two years ago, was intended to provide a breathing space for the government to put in place, "structural policies to ensure a more efficient and competitive economy". These were the words of the white paper entitled "Attack on Inflation" which the government tabled when the controls program was first announced.

The date for a phased out ending of controls, April 14 of next year, has finally been announced by the Minister of Finance (Mr. Chrétien), and this means that that breathing space provided by the controls will soon be ending. Yet there is a tremendous amount to be done to make Canada a more efficient economy, one which is more competitive both here and abroad. The government must use the time remaining while the controls continue to apply to deal with the structural problems in question, even though it is clear that much will remain to be done after the controls have gone.

In the white paper tabled just before the October, 1976, throne speech entitled "The Way Ahead", the government spoke of the need to improve and strengthen competition policy as a way of bringing about needed structural change in the market place. The government made it clear in that white paper that it would be relying primarily on the market system as a means of enabling Canadians to achieve their economic and social goals.

Another government policy paper, "Agenda for Co-operation", was published earlier this year, and it too stressed the importance for a post-controls society of a complete reform of competition policy. In addition, it stressed the importance of implementing the borrowers' and depositors' protection act to improve the operation of the market place for credit and to strike at the loan sharking operations that tarnish the market place and harm consumers generally.

The stage two competition bill was given first reading this year. Its subject matter was studied by the finance committee, which issued a detailed report of its findings and recommendations. The borrowers' and depositors' protection act received second reading and was in the final stages of committee consideration when the session adjourned.

In light of the importance that these measures have in terms of bringing about the needed structural changes in the market place, I think it is disturbing that they are not mentioned at all in the Speech from the Throne. It is true that earlier this week the present Minister of Consumer and Corporate Affairs (Mr. Allmand), in a speech outside the House, said that these bills would be reintroduced. However, one can wonder as to the implications of the failure to mention these two important measures in any way in the throne speech itself. Certainly a reference to them in the speech would have confirmed the commitment by the government as a whole to implement these two key measures, measures which are vital to the effective operation of the market place and to the well-being of business and consumers alike.

Government and business spokesmen have been saying that uncertainty has been hampering the development of business confidence necessary for the recovery of the economy. I think

the lack of final parliamentary decisions on these two measures helps to add to the very uncertainty the government wishes to eliminate. Perhaps the government is holding back because of what appears to be the developing and seemingly well orchestrated campaign whereby certain elements express the views of the largely big business sector of the economy in opposition to these bills. They argue that these measures would hamper the proper operation of the market place; they argue that they are among the factors convincing some Canadian businessmen to invest in the United States and in other foreign countries rather than Canada.

These are strange arguments, Mr. Speaker. They are wrong arguments. They turn reality upside down. The two bills are not designed to be the instruments for improper government interference or over-regulation of an already properly operating market place. Instead, they are aimed at ensuring its effective operation in the interests of all Canadians, a market place which is free from domination by a few large firms. Surely enabling the proper operation of market forces is exactly what those opposing the adoption of the bill are supposed to favour.

In addition, those who say that the proposed competition policy is encouraging them to invest in the United States are talking about going to a country whose present anti-trust laws, their competition laws, are already tougher and more bureaucratically interventionist than anything proposed by the government in the stage two competition policy bill. In fact all of the western countries, even that bastion of free enterprise, West Germany, have been updating and tightening their competition laws.

But it is not correct that all business generally opposes the bills I have been talking about, especially the stage two bill. The Canadian Federation of Independent Business and the National Automotive Trades Association, for example, are the legitimate voices of broad segments of the business community. They support the stage two bill and are calling for its early implementation.

● (1742)

The government's resolve, its sincerity in getting on with completing the long delayed reform of competition policy and the equally much needed updating of the federal consumer credit law, will not be demonstrated just by the early reintroduction of these two bills. More important, this resolve and sincerity will be demonstrated by the government through its giving the necessary priority on the agenda of parliament to moving them along to the final stages of decision-making as soon as possible. I am not saying, in doing this, that valid points for the improvement of the two bills made by business and consumer groups during their original consideration in the last session should be ignored. These points can and should be dealt with; but this can be done and the bills be moved along without delay to their final adoption and implementation.

The passing of these two measures will serve the best interests of all those businessmen who really believe what so many of them have been preaching about the market system. It will serve the best interests of consumers and small business in particular but, more important, it will serve the best interests of Canadians generally.

Food was another structural problem area raised by the 1975 "Attack on Inflation" white paper. The Speech from the Throne has a section dealing with the implementation of the government's food strategy. This strategy appeared to have been set out in the policy paper entitled "A Food Strategy for Canada", tabled jointly by the Minister of Agriculture (Mr. Whelan) and the then minister of consumer and corporate affairs last June. It set out what the government considered to be "the basic principles of a food strategy for Canada to assure all Canadians that its policies and programs ensure adequate supplies of safe and nutritious foods at prices which are reasonable to both producers and consumers." In doing so, it admitted that "in the past principles and procedures have not been used to co-ordinate all relevant elements of Canada's food policy."

With few exceptions, little was said in the paper about specific operating programs to implement the strategy. One of the specific pledges in it was that the government will ensure "in any appointments to boards and agencies . . . the views of producers, processors and consumers are adequately represented." Another was that the government "will provide regular price information to consumers on a selected set of basic foods." But nothing whatsoever has been done since last June to put into place, or even to announce formally, these two programs or any of the others specifically set out or hinted at in the strategy document. However, they did resurface in identical form in the throne speech. It also promised that a national food conference would be held, although it is not clear to what extent the implementation of the two specific programs I mentioned are linked to that conference first having taken place.

The throne speech indicates that the conference " will bring together representatives of governments, producers, consumers and food industry to work together toward a national agreement on how Canada's food strategy should be further developed and implemented." The House should bear in mind that the objectives for food strategy I have quoted from the government document of last June appeared in rather similar terms in the February, 1974, throne speech over three years ago. That was the one that was presented not long before the 1974 general election. In that throne speech the objectives are described as being a "policy on food" which "the government is developing." At best, the process of development seems to have been and continues to be rather slow and laborious.

The February, 1974, throne speech indicated that "the government will wish to consult with provincial governments, consumer groups and producers" in developing its food policy. This was what was said in 1974. Yet the Minister of Agriculture recently announced that the national food conference finally promised in the current throne speech will not take place until next February. He has called for briefs from various organizations to be submitted to the government by December. He said that certain of the organizations presenting

briefs will be allowed to discuss them with a panel of ministers in December. He said that this panel will be drawn from among a number of ministers including the Minister of Consumer and Corporate Affairs. What is surprising about this announcement is that it would appear from it that the Minister of Consumer and Corporate Affairs will not be allowed, as a matter of course, to be involved in each and every discussion. This means the cabinet representative of the voice of individual Canadians as consumers will be absent from some of these important discussions this coming December.

In 1973 the House of Commons set up, at the government's request, a special all-party committee on food price trends. It heard witnesses from all areas of the food system. Also in that year the government created the Food Prices Review Board. Its members represented not just consumers but manufacturers, producers, and business as well. Both of these bodies issued extensive reports proposing changes and improvements in food policy. So the government has already had before it for some time results of a consultative process involving these two organizations. These reports will likely cover much of the same ground as one could expect would be covered by the food conference. In any event, it would not be fully realistic to expect producers, consumers and manufacturers to agree on a single program which all sides would consider equally fair to them in every possible respect.

Consultation is a necessary and worth-while part of working out government policies in a country like Canada. But in areas where complete agreement by all parties to be affected by government policies is not possible, the government has a responsibility to show leadership and to take action in the over-all interest of the public. Therefore I hope, if the national agreement sought by the government does not prove to be possible, that the government will not use its absence as an excuse for delaying meaningful action to put in place necessary elements of a true, comprehensive food policy.

It is interesting to see the recent efforts by the Minister of Agriculture to promote his department as the new protector of the consumer in the food area; but even with the re-organization he has recently announced, it is likely going to be a long time before it has any real credibility for this purpose in the eyes of most consumers as being able, and in fact willing, to deal fairly with their interests.

Also nothing was said in his speech in the House yesterday specifically about providing foods "at prices which are reasonable to consumers" as a component of the agricultural development strategy he was outlining as an obviously necessary and desirable part of a total food strategy. Yet these words which were absent from his speech are an important part of what the government said last June were its objectives for food strategy. Instead, in his speech, the minister spoke of stable prices. This is not necessarily the same thing as reasonable prices. The best interests of both consumers and producers will be served if the government puts in place measures to provide prices for them which are at one and the same time stable and reasonable. That is not an easy task, to be sure, but one which should be among the overriding objectives of a national food strategy. I would hope the promises of consultation in a national food conference will not turn out to be excuses for government inaction.

Turning to the matter of the economy generally, regretfully I have doubts that the tax cuts announced by the Minister of Finance last week will do much to add to consumer demand and reduce our chronic and all too high level of unemployment in any substantive way. The Minister of Finance has in fact tightened up the guideline for allowable wage increases for the period of the controls program just begun. The government will not be allowing wages to increase sufficiently to keep in step with the actual degree to which inflation has exceeded 6 per cent, contrary to the promise it made to workers that it would do this kind of thing when the controls program was first announced. Therefore, the tax cut will not be likely to give consumers a sufficient degree of additional buying power. Instead it will be cancelled by the tighter wage guidelines.

The size of the deficit obviously provides constraints on what the government might be able to do, but surely government efforts to stimulate the economy would have the effect of reducing the deficit rather than increasing it. Government programs stimulating the economy, which got people back to productive work, would mean much less money being paid out by the government for unemployment insurance, welfare and the like than at present. Also the government would gain more tax revenues, not only from workers back in productive jobs, but also from business as it increases its activity.

• (1752)

I think the government before too long will have to do more than was announced last Thursday to stimulate the buying power of Canadians and generally to get the economy moving.

I will abbreviate my remarks somewhat because of the order adopted by the House earlier today to limit the time of speeches to 20 minutes, but it is my intention to release my notes as a statement of my views on those areas on which I will not comment in detail today. I hope they will prove to be of interest to members of the House and to the public generally. Also I should like to say that my comments, as always, are being made in a constructive sense. I am making them as a Liberal, someone who supports the government, believing it is certainly preferable to the alternatives, but also as someone who wants it to be a Liberal government not just in name but in policy orientation and action, in the belief that this is the desire of most Canadians as well.

I have been talking about structural problems. The ultimate challenge to the federal government and to all of us is to preserve and to improve the structure of Canada itself as a united country. The throne speech, as I and others have been pointing out since last November should be the case, recognizes that the economy and national unity are not separate issues, that they are closely intertwined. As I have been saying, the ability of the federal government, our national government, to show that it can deal effectively with problems such as the economy, that are real to people everywhere in Canada, helps to demonstrate the value of having one country for Quebecers

and all Canadians. This means that the federal government must show leadership in dealing with economic and social problems which, if unsolved, can call into question in the minds of people in some parts of the country the value of being part of a united Canada. It means ensuring through federal government leadership and action that all can feel, and in fact will be, equally at home in this country whether they are French-speaking or English-speaking, and this must include both the French language minority groups outside of Quebec and the English language minority group in that province.

Some hon. Members: Hear, hear!

Mr. Gray: It means federal government leadership and action to bring about changes and adjustments where necessary to our federal structure aimed at improving its functioning in a way that recognizes regional and other differences, but which does not weaken that structure to the extent that we no longer have in fact one country. Finally, it means the strong efforts of all of us here in this House of Commons and all of us who believe in a united Canada, not just to preserve it but to improve it, to preserve and improve our country so as to bring about the development of its potential, both material and human, in the best interests of all its people.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I welcome this opportunity to speak in this debate and to contribute my point of view both for the record and for the consideration of people in Canada.

I would like to extend traditional greetings of good will to the mover and seconder of the Address in Reply to the Speech from the Throne and to wish them and the new members who were elected in the by-elections success in their role as members of parliament.

As a westerner I am especially happy that the Queen was able to open this parliament. Also, as a westerner I have long been of the opinion that the monarchy has played an important role in this century in tying together the many ethnic groups which have come to the West, particularly in the first part of this century.

There are those who may have said cynically that perhaps if Louis Riel and his dream of a republic on the prairies had succeeded, we might now have been better off, but I must say that I believe in the monarchy and that the role of British insitutions has been important in binding western Canada to Confederation, at least in the early part of this century. I think the considerable divisiveness that has occurred in the country has been the result of the loss of symbols that monarchy has represented. The British empire has disappeared and the British nation no longer plays the role that it previously played in the world, but until a few decades ago it still represented a bulwark against the south. It may be said that some of our failures and the divisiveness which we are experiencing in Canada today might be the result of our failure to create new symbols to replace the old.

Now before I should like to turn to the issue of national unity and the economy and to express two concerns of a regional nature, one affecting my riding especially. The first one to which I will refer is with regard to the failure of the Department of the Environment to establish in the town of Swan River a meteorological office which has been promised for the last ten years. For some reason, while the government expends vast sums of money in many ways on such programs as language training, it fails to provide the basic structure on which communities exist.

The area of Swan River in my riding has no adequate weather forecasting service because the present stations are located too far away. Weather conditions there are variable. This area needs a weather forecasting station in particular because its geographic location places it on the borderline between the weather systems from the northwest Alaska and weather systems from the western United States. Small aircraft, in particular, need more adequate weather forecasting in this area than is being provided at present. The Department of the Environment has demonstrated a cavalier attitude for the last ten years in regularly including the establishment of such a station in the area in its estimates, only to change its mind at the last minute. This has made the citizens in the area feel that they are being discriminated against by the Ottawa bureaucracy.

There is one other subject of a somewhat parochial nature which I should like to talk about, that is, the matter of the grading of wheat under the new grading rules of the Canadian Grain Commission. It has become obvious now that the new grading system heavily favours those areas of the prairies that grow the so-called No. 1 Hard Red spring wheat to the detriment of areas such as the Parkland regions in the prairies where a lower protein quality of wheat is grown. The recent long wet spell has reduced the quality of much of the wheat grown in the Parkland region to No. 3 utility, and there is a large spread between No. 3 Red and No. 3 utility, amounting to 50 cents a bushel. This is causing great concern and unhappiness among the growers.

The new grading system which allows for only three grades in the Canada west red variety applies only to top quality wheat, and it seems that all other grades of wheat are to be consigned to No. 3 utility. Under the old grading system there were six grades of wheat and one grade of feed wheat, which allowed for a price spread differential between all grades. It is obvious that on occasion the Parkland area particularly will produce mostly No. 3 utility wheat. It seems that the Wheat Board finds it convenient not to have to deal with as many grades as it did formerly.

Certainly the new grading system makes it easier for the Wheat Board to sell grain because it does not need to deal with the number of grades which existed under the previous grading system. Furthermore, the introduction of the new grading system means that in effect the Wheat Board, which is a selling agency, does not need to deal with lower grades of millable wheat. It prefers to sell merely No. 3 utility at feed wheat prices, although, on occasion, much of this grain will enter the markets of the world as millable wheat. This means a considerable loss to growers, amounting to tens of millions of

dollars, if not hundreds of million of dollars. The Board of Grain Commissioners should consider adding a fourth grade of grain between No. 3 red and No. 3 utility.

I believe that this grading system of wheat discourages farmers from growing wheat in the Parkland area in particular, and over a period of time it could seriously discourage the production of wheat in these areas. Therefore I think this matter should be resolved by the Board of Grain Commissioners and the Canadian Wheat Board.

Next I wish to speak on the economic situation of this country, but as it is nearly six o'clock, Mr. Speaker, may I call it six o'clock?

Mr. Deputy Speaker: Is the House agreed that we call it six o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

● (2002)

Mr. Ritchie: Mr. Speaker, before the dinner hour I was about to discuss the economic condition of our country. After nine years of this government under the Prime Minister (Mr. Trudeau) we have severe economic conditions; we have the problems of high inflation, high unemployment, and diminished economic activity. That we should be in this situation had been foreseen for a long time. We are not entirely alone in this situation, as witness the problems of the United Kingdom, France, Italy, and our neighbour to the south.

Essentially inflation will occur when governments overspend. Governments do little in the way of production, but they are always happy to promote spending and to see the production of workers in society expanded. The vast expansion of governments in particular fields where governments have declared an interest, such as health, education, and welfare, has really meant that a large number of people have been taking, and this problem has grown to the monster it is now so that it is threatening the economic base of the country.

Perhaps we could keep going on this course more easily if the energy crisis had not come along. It is obvious that much of the advance in affluence in countries around the world was based on cheap oil and energy prices. As the availability of cheap energy comes to an end—it is now essentially under the control of the Arab nations which are intent on making the best use of their good fortunes—we are witnessing an abrupt end to the continuing expansion of the good life we have had for the past 25 years.

[Mr. Ritchie.]

The Prime Minister has suggested that even though Canadians have developed a high standard of living over the past 25 years they are more unhappy and more disunited than ever before, and he wonders why. I agree that per capita it can be shown that Canadians are about twice as well off as they were 25 years ago. Perhaps it is a very human reaction that when there are good times, regardless of productivity, individuals in society do not relate their good fortunes to the productivity of their fellow workers but regard affluence as a happening to which they are entitled.

Twenty-five years ago the role of government was much simpler. When governments involved themselves in the fields of health, welfare, and education, it was at the local level, and citizens were very much more aware of the true cost of the services they received. The involvement of the government in our social programs has created uncontrolled expenditure, and the end is not yet in sight. The federal government has involved itself in hospitalization, medical care, drug care, social security and, to a lesser extent, education, to the point that reasonable prudence is not being observed. Furthermore, vast amounts of taxation come to Ottawa and are then redistributed to the regions, and this only heightens the divisiveness within Canada.

In today's *Globe and Mail* Mr. Ronald Anderson has this to say:

> Real incomes rose strongly and it became economically possible and politically necessary for politicians to improve the quality of social services and to work toward a fairer distribution of incomes.
>
> These social measures—in the fields, for example, of pensions, health care, education, unemployment insurance and other transfer payments—may well have created an inflationary bias. Probably public sector activity increased too rapidly. But this is an area in which there is considerable room for debate. The question is not whether improvement in social programs was needed, but whether the structure, scale and timing of the new measures were appropriate.

● (2012)

I think it can be said that the federal government must take the blame for many of these programs that were pushed too fast.

The malaise that affects our economy will not soon go away, because we have spent 30 years creating the situation we now face. During the past 30 years we have had a change of attitude and a change of circumstances within our society so far as the individual is concerned. An individual in the past had to be prudent; he saved money for his old age because he was expected to look after himself. But now things are changed. At the present time an individual can have a modest living from the old age pension and the supplement and Canada Pension, unless he is in peculiar circumstances. He finds that from the cradle to the grave there is no need to worry about paying physicians for health care or paying hospitals for hospital care. All of these are provided by the state out of general revenue. Is it any wonder that people are providing themselves with holidays in far-away places?

With the inflation the way it is, the value savings in mortgages, bonds and bank accounts is being halved every few years. Some would say this may well be a change in our society's structure and that we are in the post industrial state.

Then again, there is the media's view of what politicians should do as regards spending programs. A politician who votes against the major spending programs is regarded as negative or lacking in compassion, while the politician who votes for vast government social enterprises is regarded as positive or compassionate. What is positive about a government that runs a national deficit of over $9 billion and prints money to finance it? What is positive or compassionate about a constant inflation rate of 8 per cent to 10 per cent, a rate at which half of an individual's life savings is destroyed every eight years? What is positive about a government whose regulations cost consumers billions of dollars each year? And what is positive about a government that is printing money at a rate almost twice as fast as the rate that the nation's economy is growing? We need a rethinking of our economic and political structure in this country.

Now, Mr. Speaker, this leads into what I would like to say and what is beginning to emerge in discussions about the future of this country. There seems to be a general agreement that there needs to be a re-arranging to the federal-provincial powers for all the regions if this diverse country is to function. It has been pointed out by some that we are already a fairly decentralized country. Mr. Speaker, before the federal government assumed a high portion of the social costs in the last 25 years we had quite a decentralized country and we functioned reasonably effectively. The fall of the Canadian dollar, obscured and cushioned by the precipitous fall of the American dollar, points up the serious economic conditions in which this country finds itself. The mere fact that today the Canadian dollar was at its lowest in 45 years only indicates the gravity of the situation.

Speaking of regions, Mr. Speaker, an article in the *Manitoba Co-operator* of March 20, 1977, referring to *The Financial Post* 'Think West' Conference Edmonton recently had this to say about regions:

> There has to be a new deal for Confederation. Lougheed puts it this way when he says change is necessary "but it can't be legalistic, it can't be tied in with the constitution. It must be a matter of attitude and spirit and co-operation—not a legal document. It can't have special status for any one province, but it must recognize that provinces are different and that each should have the opportunity to find its way in the areas that are important to it".
>
> The strain on national unity makes the revival of Canada's industrial activity an urgent priority—and the location for new efforts should be dictated by economic imperatives, not traditional habit.

But, Mr. Speaker, if the economic situation is grave, the political situation can only be described as disastrous. The Prime Minister seems to be getting ready to run on the favourable Liberal wheelhorse that only the Liberal government can guarantee Canadian unity. Let us look at the history of this contention. Since 1896, when Sir Wilfrid Laurier assumed power in Canada, the Liberal party has governed for 60 years. Only on three short occasions was the Conservative party in power, while on two occasions during this time there were serious political problems facing the country. The first was the First World War that taxed the resources of Canada to the utmost, and the second was the great depression.

Furthermore, during that time the province of Quebec contributed three Prime Ministers whose tenure of office spread over some 35 years. It has been recognized by political adversaries that the province of Quebec, through solemnly supporting the Liberal party for a century, has had a major say in the direction that the government of this country has taken. So strong is the feeling of western Canadians that the government of this country has been dominated by the wishes of central Canada that they have become alienated and have less than absolute loyalties to the Canadian state.

The passage of the bilingual law which had the effect of closing to unilingual people in the civil service, the armed forces, the RCMP through language requirements, the normal advancement that they might expect, has created violent animosities in that part of Canada that might have been sympathetic and viewed favourably the Canadian experience. Yet it is that part of Canada that has had the most influence in shaping the government of our country that is now demanding that separation take place. Certainly there are problems with any nation with two languages and any nation that tries to give them equal status. It seems to me that Belgium is an example of a small country that has attempted to solve its language problem by separating the two language groups.

English-speaking Canada has largely been a bystander in this debate that is in progress and that is looming for the future. Why has French Canada a monopoly on this issue, whether it is federalist or separatist in nature? Part of it is a recognition by many English Canadians that, given the circumstances, it will be up to the Quebecers to decide the future of Quebec. Anyone who thinks differently might consider the reaction in the Quebec National Assembly to the suggestion of the Prime Minister that there be a referendum. All parties opposed to the Parti Quebecois in that legislature consider themselves federalists and oppose Quebec independence, but they seem to have rallied behind Quebec's right to decide its own future. Frustration and anger are growing in English Canada at the long debate, particularly within a province that seems to have gained greatly in its political and economic status by belonging to the Canadian federation. Furthermore, it is obvious that there is growing in the rest of Canada not more spirit of compromise but a greater spirit of antagonism.

The Prime Minister in the Speech from the Throne said that we should press forward with greater language training in the second official language. Well, the second official language has been available for years, even in my maligned province of Manitoba and, as one who had studied that language, French, to gain an entrance to university, I can attest that there has always been second training available. Incidentally, it was the first Quebec Prime Minister of Canada, Sir Wilfrid Laurier, who approved in fact the actions of the government of Manitoba in 1894, and it was the federal Conservative government of Sir Mackenzie Bowell which was readying legislation to remedy the situation and that was filibustered by the Liberals under Sir Wilfrid Laurier so that the legislation was never passed.

Those who think second language training will make a material difference to the Canadian unity problem, I think are sadly mistaken. Facility in the use of second languages in the majority of the population only comes about when there is a need to speak two languages. Therefore, in the sea of English in North America, to expect that by offering language training in schools in English-speaking provinces there will be a great espousing of the French language is unrealistic.

During the debate on the Speech from the Throne the Prime Minister indicated that he would set up legislation to allow for referendums for various possible political decisions. Mr. Speaker, I would like to remind the House that the hon. member for Palliser (Mr. Schumacher), seconded by me, introduced private member's Bill C-412, called "An Act Respecting the Holding of a National Plebiscite on the Separation of Quebec from Canada".

Referendums have serious disadvantages. Even in the province of Quebec it could be that a federal referendum might turn those who are not disposed to independence toward that goal if they felt that the national federalism were steamrolling their province. Furthermore, a federal referendum would have little effect on the outcome of a referendum in the province of Quebec alone. It has always been assumed that a national unity referendum would show an overwhelming majority of Canadians in other provinces are for the maintenance of the Canadian federation, as we learned in the referendum on conscription in 1942. This great outpouring of good will has been generated in English Canada from churches, Chambers of Commerce, and professional groups.

● (2022)

Everyone outside Quebec suggests that he loves Canada and wants Quebec to remain because they are cherished and needed. However, there is a substantial group in English Canada, perhaps still a minority, but in my estimation perhaps as large a group as 25 per cent, and in certain areas as large as 50 per cent—

The Acting Speaker (Mr. Ethier): Order, please.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in rising to take part in this debate I want first to compliment the mover of the Address in Reply to the Speech from the Throne, the hon. member for Louis-Hébert (Mr. Dawson). He made an admirable speech, his maiden speech in the House of Commons. I also want to thank the seconder, the hon. member for Malpeque (Mr. Wood), who made a very interesting speech about a province he dearly loves and showed his deep concern about the people and problems of that province.

Today I wish to talk about some of the issues raised during this debate. As the minister in charge of working for a strong domestic industry and a strong export trade, I am sure members on all sides will agree that we need a healthier economy at home than we now have, and a far healthier world economy than now exists. Some members suggest, but I do not agree, that you can separate the two, the domestic and world economies and come up with bandages applied to domestic ailments. Those bandages will not stick.

[Mr. Ritchie.]

What we can do is support and encourage Canadian industry to cope best with the competitive world forces that are in fact developing. One can question whether they are or are not developing. One can talk about the drop of the Canadian dollar. The fact is there has been a significant drop of the U.S. dollar in relation to the Japanese yen and the German mark. That is an indication that we in this country are confronted with a world economic force.

We are in more than a cyclical downturn of world and Canadian economic performance. Fundamental changes are occurring which require strong readjustment in manufacturing, processing, tourism, and other types of industry.

Mr. Rodriguez: Tell us about mining.

Mr. Horner: That readjustment, sometimes locally painful, requires a strong sense of urgency about developing more efficient industry competing in the world in the things we do best. Mining may be one of them. I will be glad to tell the hon. member something about mining. Apparently the letters I have exchanged with him he cannot read, so I will gladly explain to him.

Mr. Rodriguez: I don't think you can write.

Mr. Horner: I believe we have seen some forward thinking in this debate. I was especially interested in the speech of the hon. member for Scarborough East (Mr. O'Connell). He is looking for more competitive industry and an expanded manufacturing sector. If the hon. member wants to try reading, I suggest he read the speech on pages 82 and 83 of *Hansard*.

Mr. Rodriguez: Read mine on page 115.

Mr. Horner: I will do that.

He is looking for more competitive industry and an expanded manufacturing sector, specializing in what we are best fitted to do by natural or other advantages, with companies encouraged to merge and specialize where that would lead to greater ability to serve the Canadian and export markets. With all that I fully agree, and indeed my department is working, with other parts of government, on action proposals.

Much consultation is necessary with business, labour, provincial governments, seeking some kind of strategic consensus—even a basic shaking up, first, of complacency, and resistance to change that still underlies all the talk about the terrible fix we are supposed to be in.

I will have more to say about the world trading scene that the hon. member addressed himself to, the need to accept greater competition in trading as an opportunity for Canada more than a treat, but I thank him for a real contribution.

Mr. Rodriguez: Tell us about mining.

Mr. Horner: As I pointed out already, I wish more members had paid attention to that speech.

Looking at some of the speeches that have been made, I note that the hon. member for Don Valley (Mr. Gillies) made a very interesting comment. At page 48 he was reported to have said:

> The only organization that can live beyond its means in this country is the federal government.

Surely the hon. member with his stature and recognition as an economist knows better than that. He went on to say:

> The myth that has been spread that inflation in this country has been caused by people wanting too much, by unions demanding too much, by corporations demanding too much, is wrong.

The hon. member who professes to be an economist says it is a myth that unions and management demanding too much contribute to inflation, that the only one responsible is the federal government. According to that, no responsibility is needed on the part of those making wage demands, demands which in fact were 22 per cent before the AIB took over. Would a resurgence of strikes which have fallen off by more than 63 per cent from this time last year be all right to the hon. member for Don Valley after the AIB controls come off April 14? Would he leave it solely up to the federal government to be responsible for some of the concessions made prior to AIB?

This government is restraining public service salaries, having them follow, not lead, salaries in the private sector. That, to me, puts on private sector management, and on unions, the onus for wage restraint, especially after the controls end. For too long, before controls came in, too much of management did not negotiate hard enough, because they would either pass on increases to consumers or they would look to government to step in. During controls, they could shelter under the control levels. They can do that for a little while, but not much longer. Then there will be a heavy onus on firms to negotiate hard and, at times, to hang tough. The hon. member for Don Valley does not accept this as a responsibility. He wishes that off on the federal government.

Mr. Crosbie: He does not have to take Trudeau's orders.

Mr. Horner: I hear the hon. member who is concerned about fluorspar in Newfoundland. Maybe if management had hung tough and the unions had not been so hard—

Mr. Rodriguez: Come off it.

Mr. Horner: There was a strike in that plant in 1971, 1972, 1973, 1975 and 1976.

Similarly with prices and profits, the hon. member suggests there is no responsibility on the part of business. They may demand all they can get and damn the torpedoes. The torpedoes could sink us, but that would be the fault of the federal government.

I cannot believe that only the federal government must exercise restraint and only it must impose restraint. There is too much federal, provincial and other government intervention, regulation, cushioning us, as it is. I believe in less government control and regulation, but the other side of that coin is individual responsibility.

If the federal government is the only organization that can live within its means and others are not responsible, you are talking about a Canada so centralized and rigidly planned that Canadians would not stand still for it. But that seems to be the rather odd direction one wing of today's Progressive Conservative party is going, always dependent upon and looking up to big brother, asking the federal government to control everything. Apparently that is what the hon. member for Don Valley seems to be suggesting. In his eyes it is wishful desire for strong leadership in his own party and finding an absence there.

Mr. Rodriguez: Be honest, Jack.

Mr. Crosbie: At least he didn't leave in a pique, he stayed with us.

• (2032)

Mr. Horner: In any event, to go on, we recognize we are in serious times, times of soft markets abroad and accelerated, even cut-throat competition internationally. Prices and costs are still too high here and productivity is too low. There are many problems, but I will mention four which are basic to the Canadian economy. Put simply, there are vastly more goods competing on the markets of the world than there were even four or five years ago. World industrial capacity, especially with respect to manufactured products, has grown enormously—from the EEC and especially from the Japanese and German economies, from developing countries pouring out goods produced by labour and under easier environmental rules. We have to be very sophisticated in our products as well as price-competitive in order to compete—and that means here in our home markets as well as abroad.

Increased foreign industrial capacity can be a strength for Canada. We are geared to supplying that capacity not only with primary and processed products but also with manufactured and capital goods for other industries. Thus, world economic slowdown hits hard at our trading economy. But we should be poised to capitalize on international recovery.

Another important factor is that Canada's population growth is levelling out and immigration is slowing down. This should reduce the underlying pressure for domestic growth. We can see the results of this in certain sectors already, such as education, some areas of health care, housing, and in connection with products for use by the young. I do not wish to make too much of this aspect. We still are going to need, and will sustain, a significant growth rate in the years ahead. But we may not, and we should not, expect to get back to the extremely high growth rate of the 1950's and 1960's. What I am saying is that when the Minister of Finance (Mr. Chrétien) forecasts a growth rate for next year of 5 per cent, the knee-jerk reaction should not be that this is a sluggish rate. Such a rate will be good going, and I pray we can keep it up year after year.

The third basic problem facing Canada is the rapid increase in costs and the consequent drop, over the last three or four years, in our ability to compete. This government, to be frank, protected Canadians against world-wide price increases for energy, for some foods and for certain industrial commodities. Canadians tried to protect themselves by raising their incomes as fast as, or faster than, prices.

As a result, wage rates climbed as high as, or higher than those in the United States, with productivity 15 to 20 per cent lower. We sold less abroad and this resulted in giant deficits along with huge interest payments. Even worse, the situation led to increasing inroads into our own domestic markets by imports.

The fourth and most dramatic problem has been the well-recognized revolution in oil prices and its particular effect on energy-intensive western economies.

Just as I have not tried to gloss over our situation, Mr. Speaker, neither should it be painted hopelessly black. All those problem situations I referred to—the other industrialized nations face them as well. In a depressed and psychologically shell-shocked world we have performed remarkably well. We have a sound foundation on which to build.

Since 1973 Canadian manufacturing output has held up much better than in most western economies. It declined in the period 1973-1975 by 2.5 per cent. But in the United States the decline was 10 per cent; in Japan it was 14 per cent, and it was almost 9 per cent in West Germany. Manufacturing now accounts for about 20 per cent of total Canadian production as compared to between 22 and 24 per cent for the years 1951-73, a drop precisely the same as that which took place in the United States and other countries where the services sector is going ahead. Productivity over the 25 years to 1975 consistently narrowed the giant gap between ourselves and the United States. We slipped back in 1976, but are gaining again this year. Manufactured exports still pay for 80 per cent of the manufactured goods we import so heavily. In terms of over-all economic growth, only Japan and Germany, recovering from very low levels of post-war industrial activity, have better over-all records.

Improvements and opportunities exist to allow us to build on our good base. First, Canadian wages and costs are now growing no more rapidly than in the U.S. We have not recovered the ground lost in the last three years, but the gap is not getting any worse. Indeed it is narrowing. Second, the lower Canadian dollar helps our competitive position. It does raise the cost of our imports, but at least it helps our sales if we do not fritter away this helpful reprieve through a further round of wage and cost increase. That is why I was so shocked to hear the hon. member for Don Valley suggest that as far as those responsible for demands on wages are concerned it was all up to the government. I was shocked to hear him say this, because we cannot afford to fritter away the gains we have made in this regard. We must continue to make what I would call long term gains in productivity as compared with the United States. This will take a long time, perhaps, but we are on our way back and should do well.

[Mr. Horner.]

Third, the lifting of controls over the next year will remove an element of uncertainty from business by bringing the market system back into place in the determination of prices and wages. It is under these conditions that business can best be relied upon to generate the capital necessary for expansion and increased activities. I hope that when controls come off on April 14 they will be followed by a monitoring device which will encourage business and the unions to adopt a far more responsible attitude than the hon. member for Don Valley has suggested.

Fourth, governments in Canada have got their houses in better order. Federal government expenditures have been held to the growth rate of the GNP. Public service hiring is under one per cent. Even in the face of high unemployment, new money for job creation was found within the existing budget. Public sector wages are not any more leading private sector averages for similar skills.

In the midst of unemployment and continuing inflation, then, Canada is in a better position, presently and potentially, than one would imagine from the excess of gloom around. What is needed is business confidence in our basic advantages if we streamline, modernize, cut costs, specialize, and work hard. We need to restructure, adjust, merge, and tighten up. We need to upgrade our resources and negotiate better markets for them, whether they be petrochemicals, beef exported to the United States, grain exported almost everywhere. Fisheries and forest products can be sold abroad and within this country. On all of these things the federal government is now working.

• (2042)

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but I must inform him that his time has expired. Nevertheless, he may continue if there is unanimous consent.

Some hon. Members: No.

Mr. John Wise (Elgin): Mr. Speaker, it is a great pleasure and privilege for me to participate in today's debate. I want to join with all previous speakers in commending the mover and seconder of the Address in Reply to the Speech from the Throne, the hon. member for Louis-Hébert (Mr. Dawson), and the hon. member for Malpeque (Mr. Wood).

This throne speech, delivered in a most excellent, capable and graceful manner by Her Majesty Queen Elizabeth, even in complimentary terms can only be described as a vague and feeble attempt to revive the government's sagging fortunes. The government has seized upon a moment of great public attention to make excuses for itself and to point the finger of blame at everybody and everything in sight. Indeed, the only impressive thing about the throne speech is the fact that it was given by Her Majesty and presented in truly a magnificent fashion.

Given the record of this government and the attention, or more accurately the lack of attention, given to the throne speech proclamations, one comes to the conclusion that its

contents are really meaningless. The speech is a form of window dressing which only momentarily lifts the hopes and aspirations of Canadians. You cannot, under any circumstances, hope to maintain the trust of people by completely ignoring their problems or difficulties, or by continuously taking the attitude that governments are always right and that the people are always wrong. This government has been so wrong on so many occasions, on so many issues, during the years of its administration.

Last Wednesday my colleague and leader led off this debate in a manner in keeping with his traditional debating excellence. He spoke with knowledge, compassion, and understanding, and addressed his remarks squarely to the issues and problems perplexing Canada and bothering Canadians today. He spoke eloquently about the great gift and the great opportunity given this government and this Prime Minister (Mr. Trudeau) when taking office.

What has happened and what has developed since that time under this government's administration, Mr. Speaker, is really nothing short of a national disaster and, speaking in human terms, a national disgrace. Phrases like "separation is dead", "national unity will be achieved", "the land is strong", "the just society", "inflation will be wrestled to the ground"—and the list goes on—are simply clichés, hackneyed phrases, empty words which only hold out false hopes for Canadians.

I have with me, with the compliments of my colleague from the riding of Norfolk-Haldimand (Mr. Knowles), recorded excerpts from a well respected newspaper which are typical of many which appeared immediately after the 1968 general election. This particular one is dated the day after, June 26, 1968, and the headline reads "Canadian Unity Assured". The lead line of the editorial begins: "That above all is the meaning of yesterday's election". A typical paragraph reads:

> So we shall have a Liberal government for the next few years led by a tuned in, turned on intellectual who must demonstrate he can wield together a cabinet of diverse personalities, administer a government and resolve the country's problems of national unity and of economic stability and develop its human and regional resources.

The words of that editorial, written some nine and a half years ago, held out, I must admit, great expectations, and reflected to a very large extent the feeling of Canadians of that day. But if Canadians would simply judge the performance of this government by its record—and I am certain that they will, given the opportunity—then its members, and particularly those who are members of the cabinet, would go to the foot of the line, to the bottom of the class.

It is true that the government has, during its term of office, established many records—record inflation, the highest in the country's history and still rising; record unemployment, higher than in the great depression and still rising; record spending, with a total budget of somewhere in the vicinity of $48 billion and the government still spending; a record deficit which will be somewhere in the vicinity of $9 billion, an amount greater than the total budget at the time this government took office in 1968 under the same leadership it has today. In addition we have an 89 cent dollar, the lowest value since the 1930's and the product of a weak, high cost, underproductive economy.

It is not my intention or my wish to quarrel with some of the tax measures brought forth last Thursday evening by the newest Minister of Finance (Mr. Chrétien). Indeed, many such measures had been requested for months by members on this side of the House. But I doubt, Mr. Speaker, given the present high degree of uncertainty, that they will provide a sufficient incentive for investors, business and industry to respond as they would wish.

I welcome the proposal to provide tax credits to the private sector for the purpose of job creation. Indeed I firmly believe that the job retraining and apprenticeship programs should even be expanded. One area that the government is neglecting to recognize, however, is the cost to the employer of training employees who are on these programs. This cost is extremely substantial and often discourages many employers from participating in such programs.

This is a very important area because, at a time when we have over one million people unemployed, we have in some areas—not in all, but in some—jobs going unfilled. These jobs more often than not are of a skilled or semi-skilled nature. If these programs met the cost of trainee and employer, many of these jobs could be filled and considerable savings would result from not financing Unemployment Insurance Commission benefits, welfare, and other costly social programs.

Further to this, Mr. Speaker, at a time when we have over one million unemployed we are again experiencing the sad and unbelievable situation in which there is a lack of adequate and suitable manpower to harvest many labour intensive farm commodities. Students from our secondary schools and universities, coupled with offshore workers, generally speaking make up the only reliable source of harvest labour. This tells me—and I hope it registers with the government—that there is a desperate need to rededicate many Canadians in certain regions to the work ethic and to the imperative need to encourage individual self-motivation. I am happy to see the Minister of Employment and Immigration (Mr. Cullen) in the House tonight, and I would just remind him that he must totally reject the advice that he will be getting from his officials. He must retain the offshore labour program for as long as this condition exists in Canada.

In the brief time allotted to me I want to bring to the attention of the government a few of the ongoing, or in many cases worsening, problems experienced by the agricultural industry. Let me begin by citing a report from Statistics Canada which indicates that a decline in farm cash receipts occurred in 1976. These were down some $140 million, which means a drop of over 20 per cent. In 1977 it is obvious that farm incomes will again decline. This year's reduction in net farm income could well register a further 10 per cent. For the first eight months farm income is down in British Columbia, it is down in Saskatchewan to the extent of 50 per cent, and it is down in Manitoba, Ontario, Quebec, New Brunswick and Prince Edward Island. It is only up slightly in Alberta, and it is up slightly in Nova Scotia. In a brief conversation with the former premier of that province, he indicated that the situation in the province of Nova Scotia really had no way to go but up.

In addition to this, I should like to point out that increases in farm input costs far exceed those of farm incomes, and by an ever-increasing margin. Farm operating costs for 1976 jumped by approximately 11 per cent, and another inflationary jump of 10 per cent could be expected this year.

● (2052)

On the subject of farm machinery, a more recent and worrisome statistic is available. Purchases of farm machinery are down by 10 per cent over the past year. For example, in Saskatchewan farm machinery sales have dropped 24 per cent; in Manitoba they have dropped 19 per cent; and Alberta has suffered an 11 per cent reduction as well. These factors have devastating effects on the economies of rural towns and villages throughout the entire country. For example, a 100 horsepower tractor which could be purchased in 1972 for $9,800, now costs around $20,000. A combine priced at $15,000 in 1972 now carries a price tag in excess of $30,000. Diesel fuel has doubled in price during the last five years, and more increases are expected in the future. In the midst of these cost increases, grain prices have decreased sharply, many to the extent of 25 per cent to 50 per cent. Hundreds of other examples could be cited; but what is really happening under this government is that farm incomes are sinking and farm input prices are rising. The farm profit margin, if indeed any exists, continues to shrink. It should be obvious to all members that the agricultural producer has the right to a fair return for his investment, labour, management, and his risks.

In a recent speech given by Peter Hannam, the relatively newly elected president of the Ontario Federation of Agriculture, in the city of London, he indicated that a study had been completed by that organization, and the results were that if farmers charged absolutely nothing for their investment, labour, and management—in other words, if they simply donated all the products and commodities they produced—the saving to every consumer would be 23 cents a day. Mr. Speaker, that is less than the price of a cup of coffee or a chocolate bar.

Our fruit and vegetable industries continue to suffer under an antiquated tariff and duty policy. To date there is no indication of acceptance by the government of the Tariff Board report which recommends immediate adjustments and the conversion to an ad valorem system to remove inequities which have existed for over a quarter of a century. There is no indication that seasonal surcharges will be implemented, even when surplus production from outside sources floods Canadian markets and depresses local prices below costs of domestic production. There is no encouraging sign of a government commitment to create an environment for Canadian producers to supply a greater percentage of the domestic market, nor any evidence of aggressive sales programs to expand or seek out new export markets abroad.

We should consider ourselves fortunate as of today that there is no indication that the government intends further studies or inquiries into the beef industry. It has been papered to death. We have had the commission of inquiry and the Senate inquiry—both credible documents—although I question the necessity of public expenditure for the latter. Had the minister the good sense to listen to our recommendations made repeatedly over past months, particularly by the hon. member for Medicine Hat (Mr. Hargrave), the hon. member for Lethbridge (Mr. Hurlburt), the hon. member for Lisgar (Mr. Murta) and others, he could have received his answers and saved Canadian taxpayers and farm organizations over a million dollars and improved the position of those in the agricultural industry, particularly those in the beef industry.

If I could make one point tonight, it would be that I want to remind the Minister of Agriculture (Mr. Whelan) that we have been consistent in our call and recommendations for a Canadian meat import law. In his speech yesterday the minister hinted, after several years of prodding, at the introduction of some similar type of legislation. I say to the minister: bring on your legislation, and if it qualifies in our opinion and measures up to our wishes, and has the teeth to do the job, then we on this side of the House will support it. What further commitment does he require than that? It appears that finally we might have some attention given to the matter of foodland preservation. Although we recognize and respect the fact that this matter is primarily a joint provincial and municipal legislative matter, because of its national importance we continue to urge federal assistance, support and co-operation.

Time does not permit me to deal tonight with such a problem as the explosive situation which exists in the dairy industry, or the ridiculous granting of precious and shamefully inadequate research funds to a former employee and consultant for the Interprovincial Pipeline Company to do a study on the "effects of pipeline construction on the productivity of soils in western Quebec and eastern Ontario." Although such a study is necessary and we would support it without question, this is a scandalous appointment at a cost of nearly $40,000. How can one possibly accept the credibility of the results when the engineer who was hired has testified in courts and supplied information to the courts which has been used against farmers? It is a clear conflict of interest and another prime example of bad judgment and poor judgment on behalf of the government. Peter Lewington, an Ilderton farmer and writer, sums it up accurately by saying, "It's like letting the fox mind the chicken coop".

The Minister of Agriculture in his usual display of buffoonery justified the move of Farm Credit Corporation's head office from Ottawa to Camrose, a move which was purely political. This represents another example of the government's use of power and politics despite the will of the people and the absence of good common sense.

We are concerned about the effects and the results of the recent reorganizational changes in the Department of Agriculture, particularly at a time when a greater flow of information is necessary between the producers, consumers and people in the food industry. The food systems branch created in 1972 to handle this much needed service has been dissolved. Concern has been raised over the possible erosion of authority from the Department of Agriculture to other government departments.

For example, there is a current rumour that quality standards and grading could be moved from the Department of Agriculture and shifted to the Department of Consumer and Corporate Affairs.

We are concerned about the implications of any new competition bill introduced by the Department of Consumer and Corporate Affairs and its effect on the well regulated and adequately supervised orderly marketing systems we have in Canada. What kind of legislation does the minister have in mind when he speaks about consumer representation on all national and provincial marketing boards? Will such members be democratically elected, or will they be unilaterally appointed by the Minister of Agriculture, or perhaps even worse, by the Minister of Consumer and Corporate Affairs (Mr. Allmand)?

We welcome the invitation given by the government for the submission of briefs by the provinces and producer groups leading up to national food strategy conferences in the month of February next year. But we have seen this approach used before, with the end result being that what happens in the formation of policy and the setting of programs is that the government simply imposes its own rights and its own ideas.

• (2102)

To conclude, Mr. Speaker, as I see that my time has almost expired, I should like to say that the attention which the government pays to the problems of the agricultural industry in Canada cannot come in sporadic bursts, but rather those problems must be met by far-sighted policies shaped in consultation with those who are directly concerned and directly involved. Unfortunately I do not see any evidence of such a federal commitment, either now or in the foreseeable future, and certainly as long as this government holds office.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am happy to join in this debate on the Address in Reply to the Speech from the Throne. I want to congratulate the two members who moved the Address in Reply, the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood). They both acquitted themselves in this debate admirably well for two new young members, just as they did in the by-elections last spring. So I congratulate them, as many members of the House have done.

I think this will be a very special session of parliament because, for one thing, it is the first time in some 20 years that Her Majesty has officially opened parliament. She certainly did it with style, grace and elegance, which made it a very special and memorable occasion for all of us. Surely this will likely be the last session of this parliament, so that is another reason for saying it is a very special occasion. The third reason that makes this new session very special, of course, is the fact that for the first time it is being televised, and I would like to compliment the government for taking the initiative of bringing television to the House, thus bringing the House closer to the Canadian people and making this place more relevant for Canadians. Someone said recently that this might be called the "new suit" session of parliament, with everyone getting decked out in their new fancy duds to look great on the new media.

I think that the throne speech emphasized most properly three areas; the economy, inflation, unemployment and the energy situation in our country. It referred to energy conservation and the development of renewable resources which will be so important in the general energy picture, especially in the future. It mentioned as well the production of gas and oil in the west and in the Arctic. We have had some very encouraging signs this year in the increased production of gas in western Canada. There have been several developments in that regard which, I think, are very encouraging and positive. I hope to see the Quebec and maritime natural gas pipeline go ahead, as has been announced during the past few months. Likewise, there is increased interest in gas exploration in the high Arctic islands, and drilling is going forward in the Beaufort Sea. Perhaps the most important energy question that will be before this session of parliament will be legislation relating to the ALCAN pipeline. This is a historic issue which will be put before the House and the Standing Committee on National Resources and Public Works in this session.

The Leader of the Opposition (Mr. Clark) spoke about the government resorting to confrontation, bullying the provinces. It is interesting to note that throughout discussions leading to the ALCAN agreement which was negotiated last August and September not only with the government in Washington but also with the governments of the three western provinces, none of them of the same political stripe as the Prime Minister (Mr. Trudeau), during negotiations for the largest private enterprise project in the history of Canada which will cost some $10 billion, there were no signs of any confrontation with the western premiers, of any bullying. Obviously if there ever was an issue with a potential for many conflicts, it is this project. Yet when I was in Alberta a few weeks ago, some of the Tory provincial members of parliament complimented me on the consultation which took place between the Prime Minister and the premier of that province during the discussions which took place leading up to the agreement with the U.S. government. So I think we have to take with a grain of salt what the Leader of the Opposition said about confrontation and bullying as the tactics of this government and realize that it is mostly political talk on his part. I think it is very appropriate, especially this week, after having watched the confrontation in the past year during which the Leader of the Opposition settled who will be the candidate for the Bow River riding, resorting to bullying and perhaps even revenge. It seems to me that if we really want to take the Leader of the Opposition seriously we must wonder how he would ever be able to run the country if he were to be prime minister when he cannot even look after the fights and defections in his own caucus.

As we go into this session of parliament and come to grips with the tremendous problems of the economy, unemployment, inflation and setting up new energy systems for our country, we will be facing an additional problem, that is the achievement of national unity in this country. At no time in our history have we had to face the same kind of challenge that the

federal government and this parliament will have to face in this session after the election of the separatist government in Quebec last fall.

It seems to me that the PQ government has moved rapidly in the course of the past year toward their primary aim of establishing a separate country. It seems to me that we will have to bring to bear every bit of wit and wisdom that we can muster in this place to meet this challenge in the next few months and in the next year or so. Certainly after reading the statements of the Leader of the Opposition, the leader of the NDP (Mr. Broadbent), and of the Prime Minister in this debate, I think there is no question about who is the party leader with the greatest understanding of this problem, the greatests appreciation of it, and the most ability. That is the Prime Minister.

Some hon. Members: Oh, oh!

Mr. McKenzie: You certainly need a big drink of water after that one.

Mr. Foster: I want to compliment the Minister of Finance (Mr. Chrétien) on his appointment in the last few months. He is a very courageous man to be taking such an important responsibility at a time when every world government faces such tremendous economic problems, problems of unemployment and of high inflation. Canada's problems in this regard are perhaps as great as are those of some of the other industrialized countries, but not as bad as those of many other countries. When one considers the growth that has taken place in the labour force in Canada as compared with other countries in the last eight or ten years, and our exposure to world inflation because of the high proportion of our gross national product being realized from trade, one realizes that this makes us more liable to encounter the very serious problems of unemployment and high inflation, but it does not lessen our responsibility to come to grips with them and to overcome them.

● (2112)

I believe the Minister of Finance in his speech faced these problems with candor, with courage and with honesty, speaking to the members of this House and to the Canadian people. He proposed important steps to overcome our problems and to improve our situation. He announced, for instance, a tax reduction of $100 for low income families, and geared it so that that reduction in taxes would come during January and February of this coming winter and so that it would provide a stimulus to the economy of some $700 million during that two month period, a period when consumer spending is often down. It should give a tremendous shot in the arm to consumer spending during that two month period.

The minister announced that the government will continue its program of restraint in spending. It has been indicated that the increase in government spending during the first half of 1977 was held at 5.2 per cent over 1976. That is even below the estimate of 7 per cent the President of the Treasury Board (Mr. Andras) announced in his spending estimates last February.

The rate of increase in the civil service is being held at less than one per cent over last year. The minister announced the discontinuation of the Anti-Inflation Board as of April 14, 1978, so that both business and labour will know the plans of the government. This will create a great deal of certainty in the business community.

The Minister of Finance announced that a $150 million additional direct job creation fund would be provided for this coming winter. This is on top of the $450 million already announced this year. The minister also indicated that this level of spending for Canada Works would continue into next year, providing over $1 billion for direct job creation during the two-year period. This is important to the Algoma riding where there is persistently high seasonal unemployment because our construction industry is seasonal. During this coming winter we will be spending $1.8 million in the Algoma riding on Canada Works projects. Some 60 projects have now been approved. These projects will create over 500 jobs throughout the Algoma-Manitoulin area.

I certainly hope that some of the additional $150 million which is to be provided for direct job creation through the federal Labour Intensive Program will be provided to the small craft harbours branch. This is the branch of the Department of the Environment which provides marine facilities throughout our country. Surely with a negative balance in our tourism account with the United States we need to create the best possible tourist facilities we can to encourage our American friends to come and visit in Canada during the holiday season.

I was pleased that the Minister of Finance announced a $100 million incentive program to provide employment to private business. It seems to me that there is a limit to the amount of spending which can be done for direct job creation. We should be providing incentives to the private sector. Surely $100 million will provide a substantial incentive, and of course these jobs tend to be long lasting and permanent, whereas direct job creation jobs are not.

We all get very interesting letters from our constituents suggesting all kinds of projects and programs in which the government should be involved. I received one last week which suggested that we create a registered educational savings program which would operate similar to the registered retirement savings program or the registered home ownership program. Under this proposed program an employed person could put funds into a tax shelter during his high income working years. These funds would then be available to be withdrawn when that person wants to take advanced training in his own field. The money could be used to fund refresher courses in the person's present area of unemployment, or it could be used by a person training for a second career part way through his working life.

I have heard it said that persons being trained today should be prepared to change jobs at least three or four times during their active career. Surely that is true of politicians if not of the general population, but it seems to me that this proposal of

one of my constituents is a very good one. It would provide funds for this kind of retraining. The people themselves would be putting up the funds. It would not be put up by the government or by employers. People retraining for a year or so would not be in the labour force during that period. I certainly hope that the Minister of Finance will consider this suggestion in his next budget.

Yesterday I heard the Minister of Agriculture (Mr. Whelan) speak in the House. I thought he made a very good speech, with all deference to the hon. member from the opposition who spoke just a few moments ago. I heard the minister mention that high on the list of priorities at the federal-provincial meetings which will be taking place in the next few weeks will be farm stabilization. I was glad to hear that because many sectors of Canadian agriculture, especially cow-calf operators, have gone through perhaps one of the most difficult periods ever in Canadian agricultural history during the past three years. I was encouraged that prices in Algoma-Manitoulin this year moved up somewhat, but cow-calf operators are still not getting a decent return for the work, the investment, and the management they provide to their farm operations. I hope that the stabilization will not be necessary as prices move up in the future, but surely we need to have a stronger and better program in place because of the cyclical nature of this industry.

The Minister of Agriculture also mentioned that he was prepared to bring in control legislation for imports of beef to maintain them at a reasonable level so that we do not get dumping on the Canadian market. I hope the minister will go ahead with this legislation. He indicated that he wanted some indication from the opposition that it would be prepared to support such legislation, and I hope that can be worked out.

In northern Ontario we were shocked last week at the announcement by INCO that it was planning to lay off some 2,800 people in the Sudbury district. That announcement not only affects the city of Sudbury but the entire district of Sudbury, much of which is in the eastern part of the Algoma riding. Some young workers who live in my constituency will be laid off by INCO.

To me it is almost unbelievable that a company as large and as important as INCO is to the Canadian economy would unilaterally make this decision without any consultation or without any notice to the government or to the labour unions involved. Surely this kind of action belongs to the dark ages of industrial relations and not in a modern industrial society. No responsible employer should lay off 2,800 workers in the dead of winter without prior consultation. All too often, and in too many communities in northern Ontario we have had to face this kind of situation in the past.

In Elliott Lake we faced this problem in the early 1960's when the United States government failed to pick up its option to purchase additional supplies of Canadian uranium. We saw the population of that community drop from around 25,000 to about 6,000 during those years, and the price of uranium dropped from about $13 a pound to about $4 or $5 a pound. The number of mines operating in that community dropped from 13 to 2 during the 1960's. However, the federal government acted to save the town of Elliot Lake and the Township of Elliot Lake during those years. It decentralized the laboratories of the Department of Energy, Mines and Resources. It established the Elliot Lake Centre for Continuing Education in co-operation with the Ontario Department of Education. It established a program of uranium stockpiling which, during the 1960's, cost $100 million, and in the early 1970's cost $29 million. In the early 1970's it worked with other uranium producing countries to establish a floor price for export sales to maintain the mines and industry in communities like Elliot Lake and Uranium City.

• (2122)

Our Tory friends across the floor have often been critical of this action by the government. But if those mines had shut down in the early 1970's—as most would have—and had filled up with water and had to be pumped out and were just now starting into production, rather than being in full production and expanding in the last couple of years, what would the price of uranium be? It would certainly be much higher than $40 or $42 per pound.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. The hon. member for Winnipeg South Centre (Mr. McKenzie).

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I have certainly looked forward to participating in this debate. Unfortunately, I cannot offer congratulations to the two members who moved the Address in Reply to the Speech from the Throne, as that would be hypocritical of me. I cannot congratulate anybody who is supporting and congratulating this government with its record. I look at these two members with disdain. It amazes me that they could get on their feet to support and praise this government.

I am very disappointed that the Minister of Industry, Trade and Commerce (Mr. Horner) left the Chamber because I have some very strong comments to make, both about his speech tonight and his past actions. I would have no hesitation about saying this to him if he were here. I will say it now, knowing that he reads *Hansard* every day and so will read my comments tomorrow. He is the Christine Jorgensen of the Canadian political scene. How anybody could do what he did, with his record of 19 years opposing the Liberals, is beyond comprehension. It is unbelievable the way he has spoiled himself.

The minister talked about a strong domestic climate. What a statement to come from him. I shall return to that in a moment. He gave some false information in this Chamber tonight about public hiring and said it is being restricted to 1 per cent. It is not 1 per cent at all, Mr. Speaker. Every cabinet minister is hiring through private employment agencies by the thousands and I have the figures to prove it. Also, every cabinet minister is hiring retired civil servants in the thousands on a contract basis. The amount for 1975-76 is $130 million. Yet they have the audacity to stand in this Chamber, and to

wander around the country saying they are restricting the growth of the civil service. I will have the rest of the figures before much longer, Mr. Speaker.

I should like to comment now on the remarks made by the hon. member for Algoma (Mr. Foster) regarding the Bow River confrontation and the nominating meeting there. He tried to intimate that the Conservative party is the only party where there is a contest for a nomination. That is utter nonsense. I can remember St. Boniface in 1968 when the present member for that riding contested a cabinet minister. There was a kafuffle and they had to have two nominating meetings. I can remember a cabinet minister in Quebec in the same year who was challenged. He was defeated so he went to another riding, but he was defeated again. I remember another recent provincial Liberal nomination in Ontario where the leader of the Liberals had to rule things out of order and everything had to be done over again. There have been recent nominations in Manitoba where NDP cabinet ministers were contested. Let us not have this nonsense that the Conservative party is the only one that has contested nomination meetings. It is a lot of nonsense.

Mr. Friesen: How did Lachance get in here?

Mr. McKenzie: That is another one. They did not want his father here.

The hon. member for Algoma spoke of the $100 million incentive to business. That does not mean anything at all. The tax incentives are not going to keep business in Canada, and I shall go into more detail later. He spoke of mines closing. The mining industry has been driven out of this country with the double taxation. Between the Liberal government's involvement in taxing the mining industry, the former NDP government in Manitoba and the former Barrett government, mining has been driven out of the country. They are not going to go back and forth—once those companies are driven out, that is the end.

I have another comment about the Minister of Industry, Trade and Commerce who has become an apologist for the Liberal party. It is unbelievable to see him stand in this Chamber reading a speech. I remember when he was a constructive member of parliament and did not need a prepared speech. He knew how to give emphasis without reading a document prepared by some parliamentary assistant or whoever drafted it. The minister knows how I feel about him and I will say these things to his face tomorrow. Indeed, I have already done it. I have expressed my opinion on how I feel about the minister.

I want to get on now to economic issues, Mr. Speaker, as I do not like to express personal opinions but like to deal with facts. I should like to read some press comments on Canada's economic health.

A report of the OECD and World Bank states that Canada's standard of living has dropped to seventh place in the world compared to other nations. My colleagues tell me it has just dropped to ten—probably it will be twelfth tomorrow. A report in the *Financial Times* tells us that Canada's economy lags still further behind the United States. Diane Cohn has reported that controls are now part of the inflation problem. The business section of the Winnipeg *Free Press* reports that Canadians are being ripped off by the GNP shortfall, and it is reported in the *Globe and Mail* that Canadians lead all foreigners in investing in the United States. This is something I want to comment upon tonight, Mr. Speaker.

This flow of capital to the United States will continue. In questions put to the Prime Minister (Mr. Trudeau) on July 19 in regard to this outflow of investment capital it was pointed out that Canadians are the number one investors in the United States. Mr. Speaker, this is an indication that they have absolutely no faith in Canada, and $100 million is not going to keep them here. In reply to a question put by the hon. member for York-Simcoe (Mr. Stevens) on that occasion, the Prime Minister replied:

> As far as Canadian capital being invested elsewhere is concerned, there are no exchange controls on the Canadian dollar, and the Canadian investor is free to invest wherever he will get the maximum return for his dollar.

Who could argue with that, Mr. Speaker? What we want to know is what he is going to do to keep the investment dollar here. Apparently he is going to do absolutely nothing. I put a similar question to the great hon. Minister of Industry, Trade and Commerce on October 19, and he replied:

> I should like to thank the hon. member for the question. We enjoy in Canada complete freedom of investment and a free country.

Imagine the Minister of Industry, Trade and Commerce making a statement like that. He, who is supposed to attract industry to this country, says we are a great bunch of free enterprisers and if all business wants to move to the states and all investment money as well, that is fine. It is ironic, Mr. Speaker, because an article in a recent issue of *Macleans* magazine asks if Jack Horner is still his own man. Well, after the answer he gave me, Mr. Speaker, we know he is not his own man but, the article also asks—or Pierre Trudeau's? He is Pierre Trudeau's man now. They are both mouthing the same things—let all business and investment capital leave the country. What it is going to cost us will be very interesting to the Canadian people. I will get to that in a moment.

There are close to one and a half million people unemployed in Canada today. With this trend of investment money and businesses leaving, my prediction is that within four years there will be two and a half million people unemployed.

● (2132)

Today there are some 400,000 students graduating from schools, colleges, and universities each year, but we are creating only 200,000 new jobs yearly. By doing a little simple arithmetic, you will come up with your own figure; two million, three million.

What is it costing the Canadian public today to pay for UIC? Since 1973 it has cost the Government of Canada $4.8 billion over and above employee-employer contributions to keep the UIC fund solvent. That is the equivalent of $208 per man, woman and child in Canada. Since March, 1968, UIC

payments have amounted to $7.3 billion, or almost $800 per man, woman and child.

In the first six months of 1977 unemployment insurance benefits amounted to an average of $12.7 million per day, or $530,000 an hour, or $9,000 a minute, or $150 a second. That is something for the Canadian public to think about. They will not get any consolation from the comments of the Prime Minister or of the Minister of Industry, Trade and Commerce. They are great free enterprisers who will allow investment capital to go south of the line and allow businesses to move. They are such free enterprises they will not interfere in that transaction.

It is great to read articles like this in the paper:

N.Y. Woos Canadians in Ottawa

Eastern Ontario industrialists are being invited to a one-day seminar in Ottawa September 28 to be sold on the benefits of establishing branch plants in northern New York.

The seminar, organized by St. Lawrence County, is part of a stepped up effort by industry-craving communities along the south shore of the St. Lawrence Seaway to woo Canadian businessmen.

Isn't it encouraging to the Canadian taxpayer to read an article like that? A group of New York bankers have established a $500 million fund to assist Canadian businesses to move from Canada to the United States. Along the border states they are building business complexes to accommodate Canadian businesses. Once a trend like that starts, you do not stop it.

What is the government's alternative? It is putting up $450 million for make work and job creation projects on a temporary basis. Why does the Minister of Industry, Trade and Commerce not have a seminar to find out why these businesses are leaving? Why is he not doing something to keep them here? Never mind saying he is a great free enterpriser who will not do anything about it. He is one of the greatest trends the United States has ever had.

I wish to read some of the comments that have been made by Canadian businessmen. A spokesman for Jarry Electronics, which moved to Massena, New York, from Hawkesbury, Ontario, said:

Somewhere there's a point of no return and Canada is getting close to it.

A comment in the Ottawa *Citizen* on Canadian investment in the United States reads:

We didn't move just to get out of Canada—it was a matter of survival.

A Massey-Ferguson spokesman in the November 23, 1976, Toronto *Globe and Mail* stated:

The economic policy of the Trudeau government is frightening the business community into investing in the United States.

Here is another dandy from the July 23, 1977, Ottawa *Citizen:*

One hundred and forty Canadian manufacturing firms now have outlets in New York.

Don McGillivray of Southam News stated:

Canada is drifting along like a ship without a rudder.

An Ontario manufacturer commented:

Industries just can't survive in the current Canadian climate and many more will make the move to the U.S.

As I pointed out, this affects us. All we have to do is expand UIC and have these phony make-work projects. If the Minister of Industry, Trade and Commerce and this government were on their toes, they would be consulting with investment counsellors across Canada. This is something I have done. I recently consulted one in Winnipeg. He has a full-time profitable occupation assisting Canadian businesses move to the United States. This was mostly in Manitoba, but the political climate has improved there 100 per cent in the past two weeks.

Some hon. Members: Hear, hear!

Mr. McKenzie: We hope that this mass exodus of investment money and businesses out of Manitoba will be stopped. However, the provinces cannot do it alone. The investment counsellor whom I consulted spent considerable time going into detailed information. Without going into all the details, what it amounted to was that the amount of money leaving Manitoba would mean a loss of 4,000 jobs.

Manitoba is not a big province. We have just one million population. We are one of the small ones. Multiply that across Canada. This is the sort of information the Minister of Industry, Trade and Commerce should be obtaining. Never mind telling us he is a great free enterpriser and will do nothing about keeping business in this country. I will get more detailed information on this in the very near future.

The Minister of Industry, Trade and Commerce commented the other day about the great inflow of investment money into Canada. That statement is not true. I have the Canadian direct investment abroad figures. It started in 1976. There has been a drop of investment money in Canada and an increase in investment money leaving the country. That is a very dangerous trend. My statement has been backed up by an editorial in the October 10 *Financial Times* which reads:

U.S. companies have cut their planned increase in investments in Canada in half . . . Obviously, Canada is not seen as a good place to invest money.

The comment of Japanese businessmen that high taxes, high wages and low productivity have priced Canada out of the market had the sting of truth.

There are 17 major complexes being developed in the United States with Canadian money. In this year alone, $2.5 billion in real estate money has left this country and gone to the United States. Thirty per cent of the high rise apartments in Seattle, Washington, have been developed with Canadian money. Obviously there is something wrong in this country. That is why I cannot support some freshman Liberal in this House praising this government.

Some hon. Members: Hear, hear!

Mr. McKenzie: Every paper you pick up has some comment about money leaving the country. Another recent news article states:

Canadian investment money has been moving in increasing amounts to the United States. A part of the reason is that the United States is perceived, at

present, as a better place to do business—lower taxes, lower labour costs, higher productivity, less government intervention: the list is long.

U.S. groups—government and business—have caught the searching eye of the Canadian investor and moved in quickly to concentrate it on their particular areas.

They are opening offices in Quebec, Ontario, and the north-eastern states to assist Canadian businesses to move. I did not hear any Liberals talk about this in their speeches. What is the government going to do to keep this money in Canada? What will it do to keep these businesses here? All I see across the way are blank faces. They are not going to do anything.

There is no way the Minister of Industry, Trade and Commerce will crack the Liberal bureaucracy. He is an absolute myth. He left our party because he was going to do great things for Canada. He is going to do absolutely nothing.

Mr. Epp: He is going to lose his seat.

Mr. McKenzie: Yes, he will lose his seat. One of the mistakes the government has made is the way it governs by order in council, some 3,300 last year. This is disturbing the business community and investment community. They never know what little surprise will be dropped on them next.

In a recent article by an eminent Ottawa columnist, Peter Ward, it is stated:

Seldom has there been a legislative tussle in the House of Commons to match the ditch-by-ditch fight mounted by the Opposition against Bill C-51, the gun control bill that also loosens restrictions on police wiretapping. Now, that may not seem to bear very heavily on the interests of the Canadian business community. But the arguments raised by many opposition members involve basic criticisms of the way the federal government actually governs.

They do not govern. We have the next thing to a dictatorship. The article goes on to say that the changes on the government side affect all Canadians, perhaps businessmen more than most.

● (2142)

No country can survive without business or investment money, and it is no use kidding ourselves that there is any alternative; it is no use kidding ourselves that the $450 million put into this make-work project will make up for the mass exodus of money and businesses leaving this country. Even the president of the CBC, a Crown corporation, has stated that at the root of the problems of this country are inflation—

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that the time allotted to him has expired.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, first of all I would like to congratulate the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) for their splendid contributions to this traditional debate. I take exception to the remarks of the hon. member who spoke before me. I think he is ill-mannered. He is aware of the tradition in this House of showing at least respect for the opinions of two newly arrived members in this House. He should at least have the dignity of showing them the respect they earned well.

[Mr. McKenzie.]

Mr. Speaker, this debate represents one of the rare occasions for a member to speak of various subjects of particular interest to him. It is usually not partisan. Mr. Speaker, on October 10 last I concluded a two-year period as Parliamentary Secretary to the Minister of State for Urban Affairs. The experience has been rewarding. The many contacts made across the country, the speeches, the official visits, the work in committee and with the minister allowed me to better understand federal urban programs and to get closely involved in the housing policies and programs brought forth by this government to meet the expectations of Canadians in the area of urban planning and housing construction.

As I represent an entirely urban riding made up for a large part of neighbourhoods dating in many cases back over a hundred years, one of my major concerns has been working hard for the preservation of our architectural heritage and the rehabilitation of old neighbourhoods. That policy to restore and rehabilitate Ottawa-Vanier assured us of the preservation of our dear old neighbourhoods where a certain lifestyle has set in a long time ago and where tradition should play a part in shaping the face of the national capital so it may be reflected in Canada as a whole.

Housing in Ottawa-Vanier was substantially improved in the past four or five years. There is a great choice of alternatives. The programs under way, whether it be neighbourhood rehabilitation, construction or restoration, will continue to bring tangible benefits to my constituents.

The federal government has a substantial influence on urban Canada under the vast responsibilities that come under its jurisdiction. Every policy and every program initiated at the federal level in housing, transportation, immigration, economic assistance and others are felt in the final analysis at the local and surrounding community levels. That means that we, at the federal level, as well as our provincial counterparts, must always take into consideration the needs, the priorities and the cost problems, and continue to work closely with the municipal level and citizens committees to find the most practical solutions to the problems of urban planning and concentration.

There is also an important point that must be considered, at least at this time, and that is the fact that we do not have to accept trends unless we want to. All in all, trends largely reflect public behaviour patterns and the ways in which they are applied. Up to a point, those patterns can be reoriented and new patterns applied differently.

There are a number of federal levers that can serve in support of new objectives which reflect new values. For instance, the programs on housing, immigration, finance and the economy, transport and industry, regional development and many others. All those programs can give considerable support to provincial, regional and municipal development strategies in improving the quality of the urban environment.

One of the results of urban development and the concentration of populations has been the growth, at the periphery, of suburbs and dormitory towns. Around those concentration, commercial centres and job opportunities have developed. The riding of Ottawa-Vanier, downtown Ottawa, did not escape

the effects of the migration of its inhabitants to the outskirts. It slowed down the economic growth of downtown Ottawa, exerted strong pressures for new road systems linking the outskirts where people sleep to the heart of the city where people work.

Doubtless, a number of reasons explain the slowing down now apparent in yesterday's trends. A new awareness that brings it changing values, is probably another factor. The increasing number of persons formerly living in the suburbs or elsewhere now want to come back to live in the city. The change may not be dramatic but it does have salutary results. Now, people are asking that the quality of life in the city-core be better balanced between working and residential areas. That is a complete change-about with the trend of a few years ago. It is therefore important that any planning or strategy in the field of housing and urban renewal be closely tied in with those new trends.

[*English*]

Federal housing policies have had to be both progressive and responsive to the diversity of special needs that have always existed. This is at the heart of federal policies on shelter—not just to help provide houses of brick, mortar and wood—but to help people, particularly people who are unable to fend for themselves properly.

I am referring to people who make up important minorities in our society—the poor, the elderly, the sick, native people and others who are at a disadvantage in a competitive world. These have always been the first concern of a national housing policy, and today we are continuing to meet their needs through a variety of programs that are especially tailored to provide assistance while helping to retain the essential human dignity all people must possess. We don't do it alone, of course. There is an inter-dependence of governments in housing, as in most other important fields, and we work together to ensure that we are responding properly to the needs of people who are most vulnerable.

Obviously, we could not follow this path without the approval of the Canadian people, for the strength of the majority must be employed to help the vulnerable minorities. It is a credit to the people of this country that they so willingly support the principle that those of us who are blessed with good fortune have a fundamental responsibility toward our fellow-Canadians who need our help, whether temporarily or permanently. Call it a spirit of brotherhood, if you like, but it's there, it can be felt, and it contributes to the greatness of this huge country that sprawls from the Atlantic to the Pacific.

We have collectively been very preoccupied, and justifiably so, with building and improving our neighborhoods. We have developed flexible programs that fit our national needs and meet our national goals. All levels of government will continue no doubt to elaborate plans for improving the quality of life of all our neighborhoods.

Yet, we are faced, in Canada today, with a challenge of great importance to us all—the challenge of keeping this country together. Call it national unity or national understanding, I, for one, prefer the term national understanding because I can better grasp its meaning.

To understand each other with all our regional and sectional loyalties, our varying customs and traditions; to understand what this country is all about with two official languages and a multitude of cultures; to understand that there are forces at work to build a better Canada while at the same time other forces that want to destroy it; therein lies the challenge! There is a threat or a crisis which menaces everything we have learned to love and cherish and that we so dearly want to keep. There is a far greater challenge ahead of us on the road to human brotherhood than we ever had to face before.

● (2152)

I was reminded recently of an old English proverb which says "do not trouble trouble till trouble troubles you." In my view, the only way to fight separatism is to make federalism a more attractive option.

History tells us that feelings of separatism were felt long ago in Canada. Lord Durham, one of our British governors, wrote in his report to England in the early 1800's: "I found two nations warring within the bosom of a single state".

History will tell you that Franco-Ontarians, and there are 500,000 of us in Ontario, had troubles in our fight to obtain the right to live in French in Ontario. We fought against regulations which forbade the use of French in Ontario schools. We fought to obtain primary and secondary French schools for our children, and finally obtained them in 1968.

We are still fighting for our right to use French in the courts of law of Ontario. We are asking for permission to draw up in French our wills, our contracts, our mortgages, and other ordinary legal documents. We are asking that essential services such as legal aid, health services, official government communications and documents be available in French, all things that most of you in this House take for granted in your provinces, be it in Quebec or elsewhere.

I could go on and give you a litany of services, such as permits, certificates, notices and requests for information, documents published by the Ontario ministries and government agencies, which are not available in French in Ontario. But those requests and concerns, as important as they are, all boil down to one basic principle called equality of opportunity.

I, and nearly a million other French speaking Canadians living outside Quebec, wish to be an active, respected, and wanted part of our country. We are Canadians. It so happens that we speak French in an English speaking milieu. Was not the idea of adopting two official languages, respectful of our individual heritages and traditional features, the purpose of creating a unified country in the first place? Surely the game plan is not for French to be balkanized to Quebec and for the rest of Canada to speak English? If it is, I will have no part of it. I want to feel at home in either language from coast to coast, everywhere in this country.

Some hon. Members: Hear, hear!

Mr. Gauthier (Ottawa-Vanier): Unity to me does not mean uniformity. Neither does it mean that this society will develop into a uniform, regionalized or whatever you want system applicable all across the country. It has to be sensible, it has to be sensitive and respectful of all minorities, be they linguistic, social, cultural or economic. We all want individual recognition. We all want collective recognition. Minority groups are asking for recognition. That phenomenon is not peculiar to them or to anybody else; it is a phenomenon which we see when the provinces negotiate with the federal government, or when the municipalities negotiate with the provincial governments. What are we looking for, Mr. Speaker? We are looking for recognition. We are looking for recognition when this government negotiates with other countries. We are asking for recognition of our potential, recognition of our trade, of our cultural diversity, of our respect for human rights and of this great progressive democracy.

One unique feature about federalism is that it can adapt to circumstances. French-speaking minorities fear assimilation. If they do disappear through wilful neglect or indifference by the majority, these same majorities will in effect have contributed to separatism by attrition.

Separation of this country by attrition will come when no French is spoken outside Quebec and no English is spoken inside Quebec. Minorities, you see, can be disposed of in two ways. You attack them continuously or you ignore them completely. Both ways will surely kill them.

René Lévesque, the premier of Quebec, is a well-known separatist. Lord Durham, in his way, was a separatist with a twist. Durham, in his now famous report to England, said about the French Canadians that the only solution to the problem was assimilation, and to that effect he proposed a plan. Are Francophone minorities outside Quebec the heirs of Lord Durham?

We have grown as a country as Canadians of both official languages moved about and established their neighbourhoods. If they had worked as hard on improving brotherhood as they have on building their neighbourhoods, we certainly would not be faced with the same problems facing us today. Some will tell us that national unity is threatened by the national economic problems or the social unrest caused by disturbing unemployment. I for one do not believe that you can separate economic, cultural or social problems when you talk of national understanding. You cannot speak of religion to a man who is hungry. You cannot speak of unity to the poor or the wanting. Let us not compartmentalize our society and its problems into parts that need to be fed, parts that need to be housed, parts that need to be transported, and so on. Let us look to the entire society, to the global problems we are presented with, so that the entire human being counts and prevails. Do not speak of social justice and equal opportunity equal to French-speaking minorities who in fact have had their rights trampled on for 110 years.

I want to talk now about another grave problem facing my minority, the French-speaking minority outside Quebec, the problem of assimilation. The latest statistics, which are 1971, indicate that 27 per cent of French-speaking minorities outside Quebec are being assimilated, and that is a very distressing rate. French outside Quebec, as a national language, is in the process of being relegated to the level of folklore in at least seven of our 10 provinces. Provincial bilingualism exists only in two provinces, Quebec and New Brunswick, although I must admit that Ontario is making some effort to adapt its policies to this challenge.

Where are we as a federation? Can we adapt to change? Right now, it seems to me, as a member of a linguistic minority, that the majority, be they French in Quebec or English outside Quebec, are reacting to their conscience while the minorities are gathering their punches to wake them up to reality. Those of us who are threatened are not at this time absent from this national debate. The minority linguistic groups will wage battle, for they have a country to lose and possibly a country to gain.

The fight will not take place between British Columbia and Quebec, or between Newfoundland and Quebec, or between any other provinces and Quebec; the fight for the minds, the hearts, and the allegiance of people will be at the national level. The results will most likely rest with the minority groups fighting prejudice, misunderstanding, and sometimes downright racism. The only way to fight the breakup of this country is to make federalism a more attractive option than separatism.

Canadians, regardless of their region, cultural roots, class or sex, only ask to be given the possibility of achieving relative equality. A sense of equity, freedom, and equality will have to be awakened in all Canadians. We can no longer continue to witness like helpless spectators the deterioration of the situation, the tearing to shreds of our national fabric.

English Canada will have to be perceived in its actions as being big enough to deal with Francophone groups on an equal footing, not based on the balance of numbers. It will have to be based on a definition of Canadian society tolerant and respectful of minorities, whether they are linguistic, cultural, social or economic minorities.

[*Translation*]

Finally, Mr. Speaker, I would like to make a few remarks on the comments pertaining to the Prime Minister's proposal last week in the Address in Reply, when he said that during this session he wanted to introduce in the House a bill on the referendum. Pending further details on that particular popular consultation formula, I would like the House to understand that it is urgent for all Canadians to realize that the time we have left to do the things we must do is getting shorter and shorter. I am convinced indeed that the date of the Quebec referendum is an important and meaningful date. I think, Mr. Speaker, that regardless of the results, the situation, if it is to change, must change in the meantime.

I do not know the date of the referendum proposed by the Parti Québécois. I know that the results of that referendum could be highly disturbing. Should Quebecers vote negatively, shall we return to the status quo, to an attitude of the English-speaking majority saying that there is no problem,

that there is no need to worry because they will not separate? Or if the answer is yes, will we have a backlash of English opinion towards French-speaking minorities, to put it mildly? So it is very important, in the time available before this popular vote in Quebec, to focus on a federative solution which will really meet our expectations. The outcome will be a stronger Confederation.

President John F. Kennedy said this in his inaugural address:

Let us start all over again, remembering on both sides that courtesy is not a sign of weakness and that the proof of sincerity should always be established. Let us never be led by fear in our negotiations. And let us never fear to negotiate.

Mr. Speaker, may I call it ten o'clock?

● (2202)

[*Engish*]

The Acting Speaker (Mr. Turner): The hon. member for Okanagan Boundary (Mr. Whittaker).

Mr. Whittaker: Mr. Speaker, may I call it ten o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

BILINGUALISM—SUGGESTED AMENDMENT OF OFFICIAL LANGUAGES ACT TO ELIMINATE CERTAIN INJUSTICES

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Last October 25, I asked a question of the Secretary of State to clear with him a very important matter. On September 30, the President of the Treasury Board (Mr. Andras) announced the government's decision not to create bilingual districts. However, the Official Languages Act is mostly based on the creation of such bilingual districts. Is there then an alternative solution?

I asked the minister whether the government intends, in addition to the proposals which have been announced in the Speech from the Throne, to bring in amendments to the Official Languages Act during this session, thereby recognizing to that statute its supremacy in the field of linguistic equality over any other federal statute, thus correcting certain anomalies and inconsistencies that exist in some of the statutes.

In addition to the Official Languages Act, I could have mentioned, if I had had enough time, the Railway Act, the Winding-up Act and the Bank Act which contain all kind of vexatious measures from a linguistic standpoint. For instance, was it intended in the law and by the will of this Parliament to put restrictions on the issue of notices and announcements made by the railways to the public? I do not think so and I wish to explain further. Subsection (3) of section 243 of the Railway Act in particular now reads as follows:

Such notices shall, in the Province of Quebec, be written in the English and French languages, and, in the other provinces, in English.

This means that the right of the CN to make announcements in French in any province other than Quebec could be contested, which is contrary to the established practice and contrary, in my opinion, to the spirit of the law passed by this House.

There are a great number of other sections where such anomalies can be found. Last spring, I started reviewing the federal statutes dealing with the official languages and I noticed that amendments will have to be made to eliminate what I referred to, in my speech on national unity last July as "useless irritants".

After serious and in-depth examination of every statute, with the help of our legal counsel and a computer, as hon. members are aware, I prepared and today tabled a piece of legislation to bring some measure of fairness to our Canadian linguistic rights.

I noticed with very much pleasure, in the throne speech, that the government, after consulting with the provinces, will amend the Criminal Code to guarantee the right of the accused to be heard in the official language of his choice. But on the announcement that the government will not create bilingual districts, I felt we should have some alternative. Since the federal government have the Official Languages Act, since they are ready to meet with the provinces to amend the constitution by inserting a clause guaranteeing language equality across the country, it seems to me that the provinces should, as they may chose to do, follow in their own jurisdictions the federal lead.

I therefore have two goals. One, that the federal government recognize that the Official Languages Act has priority over every other statute of Canada, and second, that the provinces be encouraged to allow greater use of the official languages. Without discussing my bill any further, and to point out the degree of flexibility that is needed, it is essential that the provinces allow within their jurisdiction the use of both official languages. Briefly stated, my bill aims at asking permission. With a lot of good will, the provinces could allow this. I see no difficulty. There may be problems in some provinces where some may think that allowing means recognizing. For the time being I am not asking for official recognition, but for permission. If we here in Ontario were allowed legal documents in French, I would have them. I am not asking that the government officially declare themselves bilingual. I am simply asking this: Give me documents so that here, in Ontario, I may live in my mother tongue.

The time has come that we also allow a host of federal agencies to act within the spirit of the act, and in the case for instance of our railways that an end be put to the anomaly that prohibits announcements in French in provinces outside Quebec.

In my opinion, Mr. Speaker, perhaps it would be advisable that the House move to international railway signs. Within a few months, if it is deemed advisable, a bill could be introduced for the adoption of international railway signs. That, Mr. Speaker, was basically my point. It is important that all these statutes be revised. I hope that the minister who will answer can give me a positive answer.

● (2207)

[*English*]

Hon. John Roberts (Secretary of State): Mr. Speaker, as I indicated to the hon. member the other day, and as I announced earlier today in the House, it is the government's intention to bring forward amendments to the Official Languages Act. Our purpose will be to strengthen the law and particularly to strengthen the role of the parliamentary commissioner to enable him, in the context of parliament, to apply more effectively the objectives of the act.

I wanted to say as well that I am grateful to the hon. member for having brought to my attention, and to the attention of members, the inconsistencies and the anomalies which exist in several pieces of federal legislation. In doing so, I think he has performed an extremely valuable service for me and, I think, for other members of the House.

I agree strongly with the concerns he has expressed about some of the archaic provisions, and as a result of his representations I have asked my officials to be in touch with the Department of Justice and the Privy Council Office so that we can examine these statutes which he has drawn to our attention with a view to bringing forward necessary changes.

I have not yet had a chance to examine the legislation which he placed before the House today but I will certainly do so at the earliest opportunity, and I think we will find the kind of suggestions which he has made to be very helpful. It seems to me that he has demonstrated how one can effectively, as a member of parliament, serve the interest of the people one represents. His suggestions are extremely valuable and I intend to see that action is taken upon them.

HOUSING—REASON FOR FAILURE TO PROTECT HOME BUYER

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, on October 20 at the first opportunity in this session I brought to the attention of the Minister of State for Urban Affairs (Mr. Ouellet) the plight of the residents of Bear Creek Park in Surrey, and I asked the following question of him:

> Because of the indecent haste of the former minister in that portfolio to push AHOP programs, people, such as those in the Bear Creek estates, have been ripped off by fly-by-night contractors, as I have discussed with the minister on numerous occasions, and by the government directive that housing inspectors inspect only for the security of the money lenders, while the home buyer is left out in the cold. I would like to know why there was nothing about housing in the Speech from the Throne and why there is no protection for the home buyer.

The minister's answer was to the effect that he is sorry for the mistakes, he hopes there will be no such mistakes in the future, and that is where it ended. This was an admission of failure by the minister and the officials of his department, and a refusal to accept any responsibility for what happened in the Bear Creek estates.

I want to assure the minister that I am not talking about the program itself because I know, now that the program has been in effect for two or three years, there are some fine AHOP projects that have been produced by very reputable contractors. I am not talking about the program itself. What I am talking about is at least one example, which can be multiplied across Canada, where people who had put their trust in a government program have been ripped off because of the sloppy administration by government administrators.

The problem is one of the minister, wanting to push the program to such a degree so as to have statistics to show that the program was a great success, and in his interest to have good statistics on housing starts he allowed his departmental officials, and perhaps even pushed them, to bring in all kinds of contractors on stream who could not be trusted as people with a good reputation so far as the quality of housing they would provide was concerned. I would like to outline briefly what has happened.

● (2212)

In this particular case 95 per cent of the homes were bought by the buyers from the contractor on the basis of plans presented. In the process of the building of those homes the contractor took it upon himself to change the plans, and when the buyers would view the houses as the plans were being changed, they would demur and object. The contractor would say that in the end things would turn out and that the buyers would be happy with the end product. But the end product was so shoddy that all the residents got together to object to what happened.

I showed the minister pictures of the substandard housing which was provided in the end for the full price of the AHOP project, and he himself was shocked. I know he was concerned about this.

The important fact is that the CMHC officials in Vancouver were pointedly asked by the residents and the buyers of Bear Creek estates not to make the final payment to the contractor, but they were totally ignored. The contractor got his money. He took off, and the buyers were left sitting high and dry. Actually, I should not say that because there were water problems, moisture, condensation, back-flow and water coming in the doors.

I should take a few minutes to read about some of the problems. The inspectors came back, looked, and admitted that their inspections had not been adequate. For example, there was deterioration because of moisture build-up in the windows. The doors were installed, but the weather stripping directed water into the houses instead of out of them. Not only was there shoddy workmanship; there were also violations of the code. The administrator from Vancouver signed a statement saying that a building did not meet section 35(B)(4) of the residential standards of CMHC. In another one the lighting fixtures did not meet section 35(B) of the residential standards. These are direct violations of the code. The inspec-

tors let these violations go, and the people had to pay full price. Now they are stuck.

The minister did show interest and was genuinely concerned about what happened, but the *coup de grâce* is that in the end he said that it was too bad this happened but that perhaps these people should look for legal help for redress of their grievances. That contractor is long gone. He has closed down that company. He has no doubt vacuumed the company's bank account. There is not a thing these people can get, and they are stuck.

Departmental brochure NHA 5128-15 says:

The inspection routines are designed to make sure that the completed house will be adequate security for the NHA mortgage loan.

I wonder if Royal Trust and Montreal Trust have enough money somewhere to hire their own inspectors. Does CMHC have to carry out inspections to make sure the mortgage loans are protected? The government is protecting Montreal Trust and Royal Trust. Who is protecting the buyers? Surely the home buyer who buys from a government sanctioned program ought to be able to have some confidence that government officials are going to be protecting their interests and not those of money lenders. I think Royal Trust is big enough to look after itself.

The people involved have been more than patient. They have worked on their homes. They have tried to beautify them. They have spent up to $1,000 or $1,500 to improve their homes, to make sure they are livable and to make sure they get rid of some of the moisture. They have put their money into this—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his time has expired.

Mr. Friesen: I want to know what is going to happen to these people.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, in assuming my responsibilities as Parliamentary Secretary to the Minister of State for Urban Affairs I am pleased to provide the House with additional comments on the role of Central Mortgage and Housing Corporation in the construction of houses in the Bear Creek Park Subdivision. As the hon. member is aware, my minister has maintained a keen personal interest in this matter; to wit, the meetings he has had to which the hon. member referred.

The hon. member made reference to the Speech from the Throne and, as mentioned by my minister a few days ago, if all the items with respect to AHOP, housing, and all the other aspects of the ministries of this government were included in the Speech from the Throne, the Queen would still be here in Ottawa.

Mr. Friesen: We don't mind.

Mr. Harquail: With all due respect I believe that there may be some misundertanding on the part of the hon. member for Surrey-White Rock (Mr. Friesen) about the type of protection that CMHC provides for AHOP purchasers. All AHOP homes are inspected regularly by CMHC during construction. They must be in reasonable conformity with approved plans, and they must meet minimum standards of construction.

• (2217)

When owners of the Bear Creek Park houses indicated that they were not satisfied with the construction of their homes, CMHC met repeatedly with them and the builder to help resolve the problems. It is important to note, Mr. Speaker, that CMHC was successful in having the builder return to correct certain items necessary to bring the units up to the standards. The corporation was also able to encourage the builder to correct a number of other items that met standards, but the corporation went beyond that in meeting the standards to encourage the builder to maintain his workmanship to the owners' satisfaction.

The units now meet construction standards. However, the workmanship itself may not be up to the expectations of some purchasers, and this appears to be the major source of their continuing dissatisfaction. Moreover, strained relations between the builder and some of the home owners contributed to a hardening of attitudes on both sides, and CMHC spent a great deal of time trying to mediate these disputes.

One of the main difficulties here, Mr. Speaker, is the disparity between the purchasers' expectations regarding modest housing and the final product. Unfortunately this situation tends to arise when purchasers select their homes from plans or models. Differences between these and the actual home they buy are a source of disappointment and frustration, even though their house is in reasonable conformity with the plans from which the units were chosen.

The builder has advised CMHC that he is not prepared to do any more work on the houses—which now meet standards—and he is no longer active in the construction industry. I sympathize with the home owners, Mr. Speaker, but there is no question that CMHC did everything it possibly could within its mandate to help the home owners, as it does in every case. It was to help purchasers such as these that previous ministers of state for urban affairs, as well as the present minister in his former capacity as minister of consumer and corporate affairs, sought the creation of a national consumer warranty plan for new home buyers. Warranty programs are now being implemented by most provincial governments, and consumers can look forward to an improved level of protection. The minister attaches a great deal of importance to working with HUDAC and the provinces to ensure that all Canadians receive equal protection.

VETERANS AFFAIRS—AMENDMENT TO PROVIDE FOR WIDOWS OF VETERANS RECEIVING LESS THAN 48 PER CENT DISABILITY PENSION—GOVERNMENT POSITION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I was wondering who was going to reply for the Minister of Veterans Affairs (Mr. MacDonald) but I see we

have one Liberal left. Mr. Speaker, if one were to count the times the hon. member for Winnipeg North Centre (Mr. Knowles) and I have brought up the topic I will raise tonight, I am sure we would lead the parade in bringing to light examples of inequities against Canadians. I brought up two questions yesterday. One concerned widows' pensions, and one was to the effect that veterans are falling behind in disability pensions as compared to their counterparts in the public service.

I do not understand how anybody can fail to see the discrimination that exists in veterans legislation. A veteran receiving a 48 per cent disability pension will leave a pension to his widow when he dies. If he receives 1 per cent less, however, which amounts to about $203 per year, she will not receive anything when he dies. Unless his death is attributable to his war days, she is left high and dry. She must resort to welfare. Canadians are saying to that woman, who probably spent many hours caring for her husband before he died, "You look after yourself, dear". The funny thing is there is now a way to correct that in the legislation. It has been brought to the attention of the minister on a number of occasions. It has to do with War Veterans Allowance recipients.

● (2222)

A War Veterans Allowance recipient receives somewhere in the vicinity of $487. He is probably equal to a disability pensioner at 65 or 70. If he dies, his wife is protected for one year at the married rate. After the year, she reverts to the single rate. However, she does have that built-in protection. The disability pensioner suffering from war wounds does not have that same advantage.

The other anomaly is the fact that the disability pensioner at only 5 per cent can qualify for War Veterans Allowance and probably get $400. His wife is protected. Someone receiving a disability pension of less than 47 per cent is better off to apply for War Veterans Allowance. This anomaly in the legislation has to be corrected. However, the government will not listen.

The other question I brought to the attention of the minister was with regard to the basic rate of pension and the indexing of that. After many years of fighting and hollering, we were able to establish a category on which to base the basic rate of pension for the disability pensioner. It was finally based by a tripartite committee on the average salary of the five lowest categories in the public service.

As a result, the one on disability indexed according to the cost of living increase is falling behind the rate of the public servant at $536 each year. The minister agrees that is wrong and has to be corrected. However, yesterday he made the ridiculous statement that they are only going to give them half the cost of living index and that veterans, as good Canadians, will accept that. They are good citizens all right. They were good Canadians 60 years ago when they went overseas as youngsters on behalf of Canada. Some sacrificed their lives. Some who came back were maimed and disabled.

Finally, after 50 years we had this basic rate established. They have now fallen behind and nobody will listen. I ask the parliamentary secretary, how long do they have to wait? There are only 12,404 World War I disability pensioners left. They will all be gone, God forbid, in two or three years. To deny them the benefit of a commitment made by Canadian governments over 60 years is, to my mind, a blot on our society.

● (2227)

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, as Armistice Day draws near it is certainly a privilege for me to answer in place of the Parliamentary Secretary for Veterans Affairs (Mr. Parent).

When the Minister of Veterans Affairs (Mr. MacDonald) answered the question asked by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) yesterday it was with regret that he had to say that the government has looked seriously at the question of a possible increase to the basic rate of pension payable for death or disability related to military service, but had decided not to increase the pension at this time. Hon. members will appreciate that at this time of financial restraint additional funds over and above the normal increases which will be made in January, 1978, are not currently available.

Even though it cannot provide an additional increase, I should at the same time point out that this government has had the veterans very much in mind over the years. As an example, in January, 1971, the rate of pension for a veterans whose pensioned disabilities were assessed at 100 per cent, and who was unmarried with no dependants, was $265. A 10 per cent increase was granted on 1 April, 1971, to bring the rate to $292 a month. Indexing of pensions was instituted so that effective 1 January, 1972, the rate has been changed annually in accordance with the consumer price index. In addition there was a substantial 24 per cent increase in mid-1972, following on the study and recommendations of the joint study group.

As a result I am able to announce that the basic rate of pension will increase by 7.2 per cent effective 1 January, 1978, so that as of that date the unmarried 100 per cent pensioner will receive $596.70 a month. A married 100 per cent pensioner with one child will get $823.52. A widow without children will receive $447.53, and if she has two dependent children she will receive $716.06.

Insofar as the pro rata pension to widows of pensioned veterans is concerned, I have very little to add since a statement was last made on this subject.

The suggestion has been made that a widow should receive a pro rata pension if her husband had been in receipt of a disability pension of 47 per cent or less. This is because she would be fully pensionable as a widow if his pension had been 48 per cent or more at the time of death. What is sometimes missed is that the widow will be pensioned if her husband's death occurred during wartime or was attributable to his service, regardless of the degree of the assessment of his disability. The question which arises is whether, if death was not in any way attributable to military service, a widow's pension should be paid because of the service connection.

We know that the benefits provided to the disabled serviceman or woman, or to their surviving dependants, are far greater than those provided by most other countries. I am not aware of any of our major western wartime allies who pay automatic survivor benefits to widows approaching the 48 per cent basis which we in Canada use.

The Acting Speaker (Mr. Turner): Order. The time available to the hon. parliamentary secretary has expired.

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Friday, October 28, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

MANPOWER

REQUEST FOR APPROVAL OF WORKS PROJECT RELATED TO GULL ISLAND RESERVOIR—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the fact that some 1,500 persons employed at Labrador Linerboard Limited in Newfoundland and by Woods Contractors have lost their employment in Newfoundland and in the Goose Bay area of Labrador, and in view of the fact that some three months ago the government of Newfoundland submitted to the government of Canada a proposal for a work project that would employ some 400 loggers for a period of four years in clear cutting the proposed reservoir along the lower Churchill River to be part of the Gull Island power project at a cost of $5 million to $8 million per year, and which clear cutting is insisted upon by environmental studies, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Employment and Immigration (Mr. Cullen) respond to the request of the government of Newfoundland immediately and advise them that the proposal is accepted and that the necessary funds will be provided from additional funding for works projects announced by the Minister of Finance (Mr. Chrétien) in the House of Commons last Thursday, and that there will be no further attempts by the government of Canada to delay an answer with respect to this work project which will result in a lasting benefit as well as employment where it is most needed.

Mr. Speaker: Presentation of any such motion for discussion pursuant to Standing Order 43 can be done only with the unanimous agreement of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

REQUEST FOR LEGISLATION TO DELAY LAY-OFFS AT INCO—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of serious and pressing necessity to seek the unanimous consent of the House to the following motion. In view of the fact that INCO and Falconbridge have acted neither in an accountable nor responsible manner in laying off some 3,400 workers in Thompson, Port Colborne and Sudbury, and in view of the fact that time is required for both the companies and the unions representing their workers to negotiate mutually agreeable solutions to avoid the layoffs, I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

• (1112)

That this House instructs the government to immediately introduce legislation that would instruct INCO and Falconbridge to rescind the layoff orders to permit the search for solutions between the workers and their employers.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Rodriguez: The Liberals said, "no".

* * *

[*Translation*]

INDUSTRY

REQUEST FOR MEETING WITH PROVINCES, COMPANIES AND UNIONS TO AVOID DETERIORATION OF MINING SECTOR—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, as there seems to be a conference between the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. Chrétien) and the Minister of Energy, Mines and Resources (Mr. Gillespie), I am under the impression that I will obtain unanimous consent to present my motion.

Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to discuss a very important matter of pressing necessity.

In view of eventual lay-offs expected in the Quebec mining industry, especially in the case of Noranda Mines which is contemplating the reduction of its activities in Murdochville; considering the state of panic existing in the mining sector as a result of massive dismissals announced by the International Nickel Company of Canada in Ontario; considering also the wish often expressed to the government by Canadian mining producers to establish long-term planning for the mining

industry, especially as far as nickel, copper, zinc and iron ore is concerned, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That the government immediately convene a summit meeting on the condition of the mining industry, to anticipate with the provinces, companies and unions the steps to be taken during the next few months to avoid a deterioration of the mining sector and make it more competitive on international markets.

Mr. Speaker: The presentation of any such motion for discussion, pursuant to Standing Order 43, can only be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

LEVEL AT WHICH CANADIAN DOLLAR WILL BE STABILIZED—REASON BANK OF CANADA SOUGHT LINE OF CREDIT

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance. It concerns the fact that the central Bank of Canada has gone to the commercial banks to borrow a new line of credit of $1.5 billion to help support the Canadian dollar. Probably this is the first time in history that the bank of last resort has gone to commercial banks for support. At what price does the government intend to stabilize the Canadian dollar?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as I have said before, the Canadian dollar is a floating dollar and we intend to carry on that policy.

Some hon. Members: A sinking dollar.

Mr. Gillies: Mr. Speaker, my supplementary question is for the Minister of Finance. Can he tell the House why, if the dollar is going to float, it was essential for the central Bank of Canada to get a $1.5 billion line of credit from commercial banks? Is it the position of the government that our exchange reserves have sunk to such a level that they have to go to other sources for lines of credit in order to maintain the policies they are now following?

[*Translation*]

Mr. Chrétien: Mr. Speaker, as everybody knows, our exchange reserves have substantially decreased since the beginning of this year. That is why the government thought advisable to show that the Canadian dollar was backed by considerable resources. We did not have trouble getting this line of credit of $1.5 billion from the Canadian banking community, which proves that the Canadian dollar is in good position and that we have sufficient reserves to avoid unwarranted speculation on the Canadian dollar.

[*English*]

Mr. Gillies: Mr. Speaker, I have a final supplementary question. The Minister of Finance has a most inexplicable change of logic to try to suggest that the Canadian dollar is in good condition, when it is necessary to have a line of credit of $1.5 billion from the private banking community to support it.

Are other negotiations going on with central banks in other countries, as allowable under International Monetary Fund agreements, for a line of credit for the Canadian dollar? Associated with that, what did the Canadian government have to pay the commercial banks for the line of credit?

[*Translation*]

Mr. Chrétien: Mr. Speaker, these conditions will be specified as soon as the contract will be determined. I will give more information to the House at that time. Meanwhile, I think that the rates which have been negotiated are very satisfactory.

[*English*]

DIRECT CANADIAN INVESTMENT IN UNITED STATES—GOVERNMENT ACTION TO REVERSE TREND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a supplementary question for the Minister of Finance. The president of the Toronto-Dominion Bank pointed out yesterday that the Canadian dollar has had the effect of a 25 per cent devaluation as against the West German mark and Japanese yen. The figures indicate that in 1976, for the first year since 1939, there was a net outflow of direct investment funds from Canada and that last year the direct Canadian investment in the United States increased by $510 million. What steps is the minister taking to try to reverse this trend?

• (1117)

Hon. Jean Chrétien (Minister of Finance): I do not have anything to add to what I said in the House of Commons in my statement Thursday night.

Mr. Crosbie: Canada is now joining Italy, the United Kingdom and even Zambia as a weak currency nation. Would the minister indicate to the House whether he is seeking advice from the United Kingdom or from the government of Zambia on how to act in this situation?

Some hon. Members: Oh, oh!

Mr. Chrétien: One thing is sure, I am not about to ask advice from the former minister of finance for the province of Newfoundland.

An hon. Member: There go three of your Newfoundland seats.

Some hon. Members: Oh, oh!

LABOUR CONDITIONS

SUGGESTION GOVERNMENT REQUEST INCO TO RESCIND ORDER FOR LAY-OFFS

Mr. John Rodriguez (Nickel Belt): My question is for the Prime Minister. In view of the fact that International Nickel of Canada announced the layoff of some 3,000 workers at Sudbury, Thompson and Port Colborne and that since that time the workers have made specific proposals to the company which the company is studying—the proposals are to alleviate the hardship of a 3,000 man layoff in 16 weeks—and in view of the fact that time is needed for the company and for the workers to sit down and negotiate these points without the gun of 16 weeks being held to their temples, will the Prime Minister get in touch with the president of the International Nickel Company and the chairman of the board and ask them to rescind the layoff order to allow time for these negotiations to come to fruition?

Right Hon. P. E. Trudeau (Prime Minister): I understand that the union is meeting with management on Tuesday to make these proposals about which we do not have any detailed knowledge. I suggest that the two parties should attempt to reach an agreement on the basis of those proposals or others, and I see no need at this time to ask the company to rescind an order which will only take effect in 16 weeks.

* * *

TRADE

REASON FOR IMPORTATION OF NICKEL CARBONATE IN VIEW OF CANADIAN SUPPLY SITUATION

Mr. John Rodriguez (Nickel Belt): It is fairly obvious that the Prime Minister does not understand the effect of a layoff in an area such as Sudbury which is dependent on one industry, so I will direct my question to the Minister of Finance because he has had 48 hours to report to me and to the House with respect to the importation of nickel carbonate. Can the minister tell the House why it is that Canada imports nickel carbonate from the Philippines destined for a Canadian refinery when we have the stuff coming right out of our ears?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I would like to answer that question, Mr. Speaker. I have made inquiries to find out what the situation is. This nickel carbonate is related to a special kind of process associated with the Sherritt Gordon Mines. The kind of feed stock which is produced by other nickel mines in Canada is unlikely to be suitable for this. The other point which needs to be made is that the other nickel mines have their own refineries in any event. I think the most important part of the answer is that the briquettes which are made from both foreign and Canadian sources are exported so that the added value of the reprocessing in 94 per cent of the output of the Sherritt Gordon mine is exported.

Mr. Rodriguez: Mr. Speaker, my final supplementary question is directed to the Prime Minister. In view of the fact that a couple of weeks ago the Prime Minister told people in London that Canadians must work harder, must tighten their belts, must spend less and must live within their means, is he prepared to come to the Sudbury Basin and tell the people there that they do not work hard enough, that they need to live within their means and that they need to spend the money they do not have?

Mr. Speaker: Order, please.

* * *

POST OFFICE

REQUEST FOR REPORT ON CONTRACT NEGOTIATIONS—POSSIBILITY OF APPOINTING CONCILIATOR

Mr. Lincoln M. Alexander (Hamilton West): I should like to direct my question to the Postmaster General and to remind him that there have only been six days of negotiations since October 5 and that negotiations have broken off and, according to the latest reports, the talks are "going badly". Does the Postmaster General agree with that position which was taken by a member of the union and, if so, why?

● (1122)

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, first of all, there has not been a breakdown in negotiations. The hon. gentleman has indicated that the negotiations are going badly. That might be a more accurate statement. An impasse has been reached. It is an impasse which we will undoubtedly resolve. I point out to the hon. gentleman that we have been negotiating since October 5, and although he indicates that there have been only five days, those five days have been very productive. I have indicated in the past that there has been a change of attitude in the union, and the meetings have been congenial. However, undoubtedly when we are dealing with unions such as CUPW, which has always been very militant, there are bound to be impasses. I only regret that the union saw fit, instead of waiting until Monday to hear what position we are going to take in terms of their demands, to call a press conference and create this disquietude in terms of continued mail service within the country.

Mr. Alexander: I do not think the minister's rhetoric will help the collective bargaining process. There is no doubt about that when the minister continually talks about the union being militant. Has the union or has the minister decided whether there is a need for a conciliator to be brought into this picture?

Mr. Blais: Far from my being inflammatory by calling the union militant, I am sure the union appreciates my calling it militant because it prides itself in being one of the most militant in Canada. I am sure there is nothing wrong with my saying that.

With reference to the question of a conciliation officer or a conciliation board, again the hon. member refers to the fact

that the negotiations are ongoing, and there is no consideration at this time of appointing a conciliator.

[*Translation*]

Mr. Speaker, obviously negotiations will be hard. When I indicated on October 5 that we were resuming negotiations, I said they would be long and difficult, but that I am not losing spirit. I see that necessarily we will have a collective agreement in the near future because this confrontation has to come to an end, since it has disturbed the postal services and basically reduced our volume levels in the past.

[*English*]

Mr. Alexander: As I understand it, the policy of the minister is assured mail delivery. Would the minister advise whether it is the position of the government that the delivery of mail is an essential service?

Mr. Blais: Mr. Speaker, I think the hon. gentleman came to the Finkelman committee on a number of occasions, and he is familiar with the Public Service Staff Relations Act. I ask him to check the definition within that act.

Mr. Alexander: You have evaded my question.

Mr. Speaker: I think the hon. member will realize that the Chair would have some grave reservations as to whether such a general policy statement would be proper in the question period in any case.

* * *

[*Translation*]

INDUSTRY

REQUEST FOR MEETING WITH PROVINCES, COMPANIES AND UNIONS TO AVOID DETERIORATION OF MINING SECTOR

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources.

The managing director of Quebec Metal Mining Association Inc., Mr. Langlois, made a statement in Quebec City yesterday to the effect that the mining industry is trapped and helpless without government assistance. A moment ago I moved a motion that my friends opposite rejected. Now, I would like to direct my question to the minister. Could he give the House the assurance that this government is prepared to call a summit meeting inviting of course all his provincial counterparts, industry leaders and union representatives, to set up a long term policy to provide security for these people who, as the minister is certainly aware, are very much concerned about the future of the mining sector throughout Canada?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have been giving consideration to a federal-provincial conference of energy ministers. Perhaps such a conference should include the finance ministers of the various provinces. There have been some soundings, but it would be too early at this time for me to say that a conference will take place. There might well be merit in such a conference but I would want to make sure that the provincial ministers would support it.

● (1127)

One point that has been made from time to time is that the tax rates across the country vary considerably from province to province. The point has also been made that some provinces have higher tax rates than the federal government whose tax rate is the same all across the country. There might well be an opportunity to meet and discuss an over-all view with respect to the future of the mining industry and the relative positions of the two governments, the contributions that the provinces on the one hand and federal government policies on the other, might be able to make to stabilize this very important industry in the country.

[*Translation*]

Mr. La Salle: I would like to direct a supplementary question to the Minister of Energy, Mines and Resources.

Mr. Speaker, I find the minister's answer more encouraging than the one he gave us last week. The minister mentioned a possible meeting with his provincial counterparts, but I think he will not underrate the importance of gathering around the same table representatives of companies and unions which are primarily concerned. Since these company leaders might contribute their advice for a future policy, could the minister give us assurance that there will be participation of employer and union representatives so that this policy be made with the cooperation of the interested sectors?

[*English*]

Mr. Gillespie: Mr. Speaker, the whole question of a conference of this kind is, of course, a highly complicated one and requires a good deal of discussion with provincial ministers. It would seem to me that as preparation for such a federal-provincial conference, the provincial ministers should invite management representatives of the industry and representatives of the labour segment of that industry for discussions with respect to their particular provincial points of view. I can assure the hon. member that I would be very pleased to do the same thing, but I think when talking about a federal-provincial conference one would have to limit that to a conference of ministers after ministers had prepared the groundwork through consultation with members of the industry, that is to say labour representatives and management representatives.

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SOCIAL SECURITY

STATEMENT BY MINISTER OF PUBLIC WORKS CONCERNING CUTS IN PENSIONS AND ALLOWANCES—REQUEST FOR CLARIFICATION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Public Works. Before he made his most important speech some weeks ago relating to the possible cutbacks in welfare payments to Canadians, notably family allowances and pensions, had he

consulted in general with his counterparts in the Cabinet? More particularly, had he consulted with the Minister of National Health and Welfare before he announced the possibility of cutbacks in pensions and family allowance payments?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I did not announce that this would be done. I was discussing this in the context of the budgetary deficit that this government faces and the problems we have.

Mr. Alexander: Scaring our senior citizens.

Mr. Buchanan: Basically the point that was made was that the federal government will have to look at all its programs and those were simply programs that were mentioned in the broader picture.

Mr. Alexander: You made a mistake. Admit it.

Mr. Grafftey: I should like to direct a supplementary question to the President of the Treasury Board. In view of the unfortunate statement made by the President of the Treasury Board some weeks ago which has created a great deal of uncertainty especially amongst low income Canadians, pensioners and family allowance recipients, can the minister assure the Canadian people that this government in no way, at any time, will cut back pension and family allowance payments?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, there is no intention to cut back those programs.

* * *

ENERGY

GULL ISLAND HYDROELECTRIC PROJECT—ENVIRONMENTAL IMPACT STUDY

Mr. William Rompkey (Grand Falls-White Bay-Labrador): Mr. Speaker, may I direct a question to the Minister of Fisheries and the Environment or his parliamentary secretary? In view of the high unemployment rate in the province of Newfoundland, in view of the need to develop alternative sources of energy, in view of the high hydroelectric potential in Labrador and the proposal of the government of Newfoundland to cut timber in the proposed reservoir area, can the parliamentary secretary tell the House whether his department is studying an environmental impact assessment at this time and when we might have some news on that assessment so that we can proceed with a positive response to the government of Newfoundland with regard to the cutting in that project?

• (1130)

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): Yes, Mr. Speaker. An assessment panel has been established. Guidelines have been prepared. These guidelines will be submitted to the Department of Energy, Mines and Resources and to the province of Newfoundland. An environmental impact statement will be presented very shortly.

* * *

POST OFFICE

CLOSING OF OFFICE ON VALE ISLAND—REQUEST FOR RECONSIDERATION

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I have a question for the Postmaster General concerning the post office on Vale Island in Hay River. Is the Postmaster General aware that this department seems determined to close the post office there? They seem to be taking the attitude that instead of trying to solve the problem, closing the post office will end the problem. That is not a very satisfactory answer. Is the Postmaster General willing to reconsider the decision to close the Vale Island post office or is he considering any alternative arrangements?

Hon. J.-J. Blais (Postmaster General): As the hon. member knows, Mr. Speaker, on October 20, I wrote to him and I indicated that I would be looking into the matter. I am advised that notwithstanding my statement there may have been a decision that is imminent. I directed my officials to hold off on that decision until such time as I have had a full opportunity to review the situation.

Mr. Firth: Mr. Speaker, I have been led to understand that the decision to close the Vale Island post office is to be made today. The people of Hay River, Vale Island in particular, would like to know about this. Will the Postmaster General indicate what alternatives are being considered and when he will be able to give an answer in the House?

Mr. Blais: Mr. Speaker, I am aware that the decision was made to close it today. As I indicated to the hon. member, I am looking into the situation. I directed my officials to hold off on that decision until I have had an opportunity to make a complete analysis of the situation and to consider if there is a necessity to close down the post office or what alternative mode there might be.

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NATIONAL CAPITAL

DATE OF RECONSTITUTION OF SPECIAL JOINT COMMITTEE—REASON FOR CONSTRUCTION OF EASTERN DRIVEWAY RECREATIONAL ROAD

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Minister of State for Urban Affairs. Can the minister inform the House on what date the Special Joint Parliamentary Committee on the National Capital will be reconvened as a standing committee to provide a coordinated approach to development of the national capital region?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, first of all I should like to congratulate the hon. member on her appointment as opposition critic of relevant matters in my department. I wish her luck in her new duties.

I also want to assure her that, like her, several hon. members on this side of the House are eager for that committee to be reconstituted without delay; I hope it can be convened next week.

[*English*]

Mrs. Pigott: In light of the announced austerity in government spending, can the minister explain why tenders are being called on October 31 by the National Capital Commission for construction of the eastern driveway recreational road, changing the historic pattern that recreational land is for people, not cars? What measures are being initiated to improve accountability and consultative planning in the NCC?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I shall have to check on the matter with the National Capital Commission after which I shall give an answer to the hon. member as soon as possible.

* * *

FINANCE

MEASURES GOVERNMENT WILL TAKE TO STOP EXODUS OF INDUSTRIES TO UNITED STATES

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to put my question to the Minister of Finance. As New York bankers have already amassed an industrial fund of over $500 million to attract Canadian industries interested in moving to the United States, and more specifically to the New England states, can the Minister of Finance tell the House what measures his department intends to take to counteract that initiative on the part of American banks which are now courting Canadian industries, in particular in our area which Canadian industries have been leaving recently to move to the New England states? Does his department intend to do something to prevent an exodus of Canadian industries?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I fail to see how the government could intervene when people decide to invest money in Canada as well as in the United States. Every day we try to talk American entrepreneurs into making investments in Canada. It is also very normal for the Americans to do the same with Canadians occasionally. I therefore do not see how we could intervene. However, if the hon. member has suggestions to make, I am willing to consider them.

Mr. Rondeau: Mr. Speaker, in view of the fact that in the United States Canadian industrialists are being offered some of our money to finance the manufacturing of machinery, does his department intend to use the same methods or to propose equally attractive solutions for the Canadian industry?

Mr. Chrétien: Well, at the present time many Quebec businessmen are worried by the situation in Quebec and unfortunately there is nothing I can do about it. I think that many times their projects of diversifying their investments and maybe transferring some of their assets to the U.S. can be explained by the fact that there is political instability in Quebec. The best way to solve that problem would probably be for the hon. member to give his unqualified support to the Quebec federalists who want to get rid of the separatists.

* * *

[*English*]

EXTERNAL AFFAIRS

PROPOSAL TO ESTABLISH FRENCH COMMONWEALTH—GOVERNMENT POSITION

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is to the Minister of Supply and Services who has reportedly just returned from Africa with a recommendation to form a French Commonwealth. With the Prime Minister not particularly supportive of the existing Commonwealth, does the government intend to seriously consider a permanent Commonwealth of this nature?

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, I believe on the contrary that the right hon. Prime Minister has become the senior politician of the Commonwealth and that he is highly respected by heads of governments. It is precisely because Canada is fortunate to have a politician of such high caliber as its leader that we would like to profit from his experience and his competence so that this country may project abroad the image of what it actually is, namely a bilingual and multicultural country.

[*English*]

Mr. Ellis: Mr. Speaker, obviously age does not really predicate involvement or interest. However, in this question, obviously the cooperation of France will be required, a country that has welcomed Mr. René Lévesque. Has the government made any overtures in this regard?

[*Translation*]

Mr. Goyer: Mr. Speaker, I think that Canada must assume its own responsibilities and first protect its own best interests. France is certainly a very important partner in the French-speaking world and we will obviously have to hold negotiations with the French government.

* * *

[*English*]

TRADE

CANADA-UNITED STATES AUTO PACT—MEASURES TO AID AUTO PARTS INDUSTRY

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, in the absence of the Minister of Industry, Trade and Com-

merce, I will direct my question to the acting minister. In view of the fact that Canada is not participating to the extent it should in the automotive industry and in particular is not getting its fair share of auto parts production, will the minister, in addition to his talks with the auto makers, seriously consider accepting the proposal of the Auto Parts Association of Canada for a $250 million fund of fully repayable loans to help modernize and expand auto parts capacity in Canada and to begin creating the 25,000 jobs that represent the unemployment impact of the unfair share of auto parts production in Canada? Also, will he consider a special automotive parts industry program within the Enterprise Development Program in his department?

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I do not think anyone could say so categorically that Canada does not get its fair share in the auto pact, but I can assure the hon. member that our whole participation and all our agreements on the subject are currently under review and that the minister will make a specific statement on the subject in the near future.

[*English*]

Mr. Speaker: The hon. member for Halifax.

Some hon. Members: Hear, hear!

* * *

● (1142)

ENERGY

PROPOSED MARITIME ENERGY CORPORATION—REQUEST FOR REPORT ON NEGOTIATIONS

Hon. Robert L. Stanfield (Halifax): I thank members of the House. I should like to ask the Minister of Energy, Mines and Resources how he is getting along in connection with the proposed maritime energy corporation as time passes. I notice that the maritime premiers intend to ask the minister what part the federal government will play in this concept. Will the minister bring us up to date?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I discussed this matter as recently as last evening with two very important members of the Nova Scotia government. I have taken part in other discussions with the premier of New Brunswick and I can say with some confidence that we are making substantial progress toward the formation of a maritime energy corporation. There are still some items which need to be settled and which are being discussed among the premiers themselves and between the government of Canada and the provincial premiers, but I am encouraged by the progress we are making and hope it will be possible to make a substantive announcement before the end of this year with respect to the creation of this corporation and its funding.

LOWER CHURCHILL POWER PROJECT—REQUEST FOR REPORT

Hon. Robert L. Stanfield (Halifax): I would hope so too, Mr. Speaker, because I am sure the minister will agree with me that there have been long discussions but little in the way of concrete development.

May I ask the minister how he is getting along with respect to developments on the Lower Churchill? I understand he was seeking certain information from the government of Newfoundland, information which I believe has now been made available. Can the minister tell us when some announcement in this regard might be forthcoming?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Again, I hope it will be possible to make an announcement with respect to this very substantial project in the near future. Discussions with the Newfoundland government are not yet completed. Additional discussions will take place very shortly with respect to a number of matters, including one of the items which was raised by a member during the question period today with respect to the Gull Island site. I should point out, though, that such an announcement might be hindered by the fact that the Province of Newfoundland and the Province of Quebec are themselves engaged in discussions in connection with the development of certain hydro resources in Labrador. Those discussions could complicate a federal-provincial understanding with respect to the Gull Island project or its priority as far as Newfoundland is concerned.

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NATIONAL REVENUE

EXEMPTION OF INDIAN BANDS FROM FEDERAL TAXES—GOVERNMENT POSITION

Mr. John Fraser (Vancouver South): Thank you, Mr. Speaker. My question is directed to the Minister of National Revenue. Some time ago the hon. gentleman's predecessor announced that no changes would be made in the application of tax laws to Indian bands in the sense that at the present time the bands are exempted on the same basis as Canadian municipalities. The hon. lady went on to say, however, that the department felt that this exemption should not continue but that no change would be made in the absence of consultation with the Indian bands affected. May I ask the minister whether any such consultation has been taking place and if not, why not?

Hon. Joseph-Philippe Guay (Minister of National Revenue): I would be very pleased to consult with the bands. I believe representations have been made to that end and I will gladly accept them, if and when they would like to meet with me.

Mr. Fraser: I thank the minister for that undertaking and I can assure him that a meeting can be arranged very shortly. Since this is a vital matter which affects the planning of industrial and commercial developments on the part of these Indian bands, may I ask the minister what arrangements for

liaison exist between his department and the Department of Indian Affairs and Northern Development?

Mr. Guay (St. Boniface): Ministers have always cooperated in the past and they will do so in the future.

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[*Translation*]

SOCIAL SECURITY

REQUEST FOR COMMISSION TO STUDY IMPLICATIONS OF GUARANTEED ANNUAL INCOME PROGRAMS

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Since she is absent and my question dates back to October 19, I shall direct it to the Prime Minister. Since the Speech from the Throne clearly indicates that the government wants to look into the economic problems of families and individuals and in view of the hardships faced by disadvantaged people who receive meagre welfare allowances and older citizens who live in slums where maintenance costs for their homes are eroding their pensions, can the Prime Minister tell the House whether the Minister of National Health and Welfare—

Some hon. Members: Question, question!

Mr. Lavoie: Couldn't you let me speak?

Mr. Speaker: If the hon. member has a question, he should put it immediately.

Mr. Lavoie: Could the Prime Minister tell the House whether the Minister of National Health and Welfare has informed him that she intends eventually to appoint a parliamentary committee to study the implications of guaranteed annual minimum income programs? If so, when will she do so, and if not, for what reasons will she not?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is expressing a major concern shared by the government. As for the parliamentary committee he is enquiring about, I do not recall the minister informing me of that project, but I will make sure to ask her and give an answer to the hon. member.

* * *

[*English*]

CUSTOMS

SUGGESTED INCREASE IN STAFF AT UNITED STATES-BRITISH COLUMBIA BORDER POINTS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is addressed to the Minister of National Revenue. It has to do with the recurring problem of long line-ups at the Douglas border crossing point due to erratic and inadequate staffing there. Line-ups are sometimes two or three miles long and the problem is so acute that some Canadians find themselves obliged to stay in the United States overnight, which is a whale of a way to help the balance of payments situation. When does the minister intend to take this question seriously and provide adequate staffing at the Douglas border crossing point?

Hon. Joseph-Philippe Guay (Minister of National Revenue): I shall be pleased to consider the hon. member's representation, Mr. Speaker. I should like also to tell him that he does not need to come into the House to make representations because he can be in full communication with me on a daily basis. But I shall be glad to look into this matter and I shall be in contact with him further.

Mr. Friesen: The same problem exists for small businessmen who want to do business with entrepreneurs in the United States. They have to wait in the long room beside the Pacific Highway for two or three hours before they can get their business done. The Prime Minister and the Minister of Industry, Trade and Commerce say there is nothing wrong with doing business across the border. Will he look into that aspect of the matter to make sure that the small businessman can transact his business at the border within a reasonable amount of time?

Mr. Guay (St. Boniface): This is an important matter and one which I am looking into at present. But people have to realize that there can be delays from time to time when they are crossing international boundaries.

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SPORTS

DATE OF TABLING OF ANNUAL REPORT OF DEPARTMENT—POSSIBLE REFERENCE TO COMMITTEE

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is directed to the Minister of State for Fitness and Amateur Sport. In view of the apparent enthusiasm which the minister brings to her portfolio—

Some hon. Members: Hear, hear!

Mr. Halliday: —and the fact that she indicated outside the House last night that she was disappointed that no questions had been directed to her so far this session—

An hon. Member: Does she have any answers?

Mr. Halliday: —may I refer the minister to section 13 of the Fitness and Amateur Sport Act which requires the minister, within three months of the end of the fiscal year, to bring an annual report before parliament indicating the work which has been done and the moneys which have been spent as well as the commitments which have been made during the year. May I ask the minister whether she has complied with the requirements of the act and if not, why not, and when we can expect to receive the report?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Thank you, Mr. Speaker. I should like to congratulate my new critic on his position. I regret that there are only some 16 or 17 of his colleagues in the House to hear his first question to me.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: Naturally, Mr. Speaker, the branch of government which I have the honour to administer fulfils all the requirements of the act. It has, furthermore, made known all the facts the hon. member has requested.

● (1152)

Mr. Halliday: A supplementary question, Mr. Speaker. I would not want to accuse the minister of being at all pretentious, but in view of the fact that this week she has submitted to the House a green paper on amateur sport before submitting her annual report, and in view of the fact that in this green paper there is reference to her earnest desire to seek opinions and consultations from other governments, individuals and sporting associations across the country regarding amateur sport, but there is only passing reference to the fact that she would like to have comments from members of parliament, may I ask the minister whether she would consider establishing a parliamentary committee which could then look into the problem of amateur sport and fitness across this country?

Mrs. Campagnolo: Mr. Speaker, I think the green paper itself is an excellent way for members of parliament to have their say. In fact, at this time I am preparing a letter to all members of parliament, as I did with the hockey inquiry just recently, as well as to Senators in the other place. All hon. members will be aware of the hearings when they go to their own part of the country and will be able to participate in that manner. Following the input from the country at large, it may then be necessary to have further discussions in the regular committee process of the green paper results.

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ANTI-INFLATION BOARD

TIME PERIOD REQUIRED FOR REVIEW OF SALARY CONTRACTS—NUMBER OF REVIEWS PENDING

Mr. Jake Epp (Provencher): Mr. Speaker, I should like to direct my question to the Minister of Finance. In view of the fact that applications to the AIB for review of negotiated salary contracts have been made as early as January of this year but have still not been taken care of to date, and in view of the insecurity that this delay causes Canadians, what is the time frame for people expecting a reply from the AIB, and how many applications are in fact pending at this time?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am not in a position to give exact data in reply to this question. I agree with the hon. member that there is no special reason why it should take more than six or seven months for a reply and that that is not satisfactory. I will look into the matter and try to give a specific answer to the point he has raised.

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FISHERIES

ATLANTIC SALMON—SUGGESTED INCREASE IN STAFF TO PREVENT POACHING

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I should like to direct my question to the minister responsible for fisheries. It has been the policy of the department during the past two or three years to try to enhance the Atlantic salmon population on the Atlantic coast of Canada and in its rivers. During this time there has been an inadequate surveillance crew along these streams and poaching has been prevalent. In his recommendation for the budget for the coming year, would the minister responsible for fisheries be able to submit a budget which will contain adequate money and provision of man years for the proper enforcement of the laws as they relate to salmon fishing?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, if the hon. member looks at the record he will find that the number of fisheries officers assigned to protecting our salmon rivers, especially since the ban has been in effect, has been very, considerably increased. In fact, this is one area of the department which has increased the most in the last six years.

I recognize that the ban means added pressures. Many people who have fished traditionally for Atlantic salmon—and I do not blame them for wanting to eat more—find they do not have access to it. The hon. member knows very well that we will never be able to eliminate all acts of vandalism—because that is what poaching is, an act of vandalism against society.

Because of the new legislation which he and many others, both on this side of the House and on the other side, helped to put through last June, very severe penalties will now be imposed. In fact, I am now looking at some recommendations regarding seizure and forfeiture of vehicles used in acts of poaching or for the transporting of illegally caught fish. I will be making a decision having given consideration to all of the problems that they represent.

I might say to the hon. member that citizens who want to protect their resource—because it does belong to citizens of this country—should also co-operate with us. We will never be able to solve all the problems, but we certainly have no intention of giving up against poachers.

Mr. McCain: A supplementary question, Mr. Speaker. In view of the fact that the various fish and game associations, and particularly the Atlantic salmon association in the province of New Brunswick, have been making strong recommendations to the minister, would he please reconsider his statement and reinforce those people who are responsible for surveillance? I ask this in view of the fact that the poaching situation has really reached commercial proportions in very

many parts of the province of New Brunswick and quantities of fish up to 1,000 pounds have been taken by poachers or merchants who had no business having salmon in their possession at all. Would the minister provide additional surveillance to prevent netting, poaching and merchandising of fish in an illegal way?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, if I were to listen to the representations of some of the interests in the area of the sports fishery, I would only concentrate on their particular problems. I am not at all associating the hon. member with this sort of claim because I know he has many commercial fishermen in his riding and he defends their interests too, but the reality is that we will never be able to meet the expectation of the sports fishery lobby. I use that word advisedly because in many cases, by being such a vociferous lobby, they have turned a lot of people against the very aims that they are trying to attain.

* * *

FINANCE

SUGGESTION RESULTS OF AID PROGRAMS SHOULD BE LESS COMPETITION FOR CANADA

Mr. S. Victor Railton (Welland): Mr. Speaker, I have a question for the Minister of Finance but first may I thank the hon. member for Nickel Belt for looking after Port Colborne so assiduously.

Mr. Rodriguez: Thank you.

Mr. Railton: I am quite certain that the cabinet is looking after the INCO situation quite well. My question concerns Atlas Steels in Welland, which objects to Canadian government funds providing a stainless steel mill in Cuba with a capacity of 50,000 tons when the domestic demand there is only 4,000 tons annually and a new Cuban mill would add to the already serious selling difficulties of stainless steel in Canada. They would like to know whether such assistance programs could be made less immediately competitive to Canadian industry.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this question was raised on several occasions this week. Are we really working against the interests of Canadian industry when we are helping other countries? I do not think so, Mr. Speaker, because without the use of Canadian technology we would not be selling our products to build these facilities which otherwise would be built by German, French or British technicians and the profits would go to other countries. That is why I think it is a good thing for us to export our technology. This may sometimes bring competition, but international growth should normally serve Canadian national growth.

[*English*]

ENERGY

POSSIBLE RELEASE OF FOOTHILLS FROM COMMITMENT TO BUY ALL PIPE IN CANADA—GOVERNMENT POSITION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources and it arises out of the answer which the Minister of Industry, Trade and Commerce gave yesterday to the hon. member for Hamilton West regarding the purchase of steel for the proposed Alcan pipeline. At that time the Minister of Industry, Trade and Commerce stated that the policy of the National Energy Board would be to permit Canadians to have the opportunity of competing for this steel pipe and that they would be given every preference.

In view of the fact that Foothills (Yukon), in their background paper issued in July after the National Energy Board report had been published stated, and I quote, "Line pipe represents the greatest single expenditure by any of the applicants. Foothills (Yukon) proposes to purchase all its pipe in Canada", and in view of the fact that this was one of the factors that favoured Alcan as against Arctic Gas, which proposed to buy 30 per cent of its requirements from foreign suppliers, I want to ask the minister whether or not the government proposes to release Foothills (Yukon) from its commitment to buy all its pipe in Canada?

• (1202)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think the Minister of Industry, Trade and Commerce put it very well yesterday when he said that preference would be given to Canadian suppliers. Indeed, we have every reason to expect that the bulk, if not 100 per cent, of the pipe will be supplied by Canadian companies.

Mr. Baker (Grenville-Carleton): That is nonsense.

Mr. Gillespie: Also I should like to point out that it might not be in the interests of Canadians if we were to create the impression that Canadian suppliers can supply that pipe regardless of the price.

Mr. Baker (Grenville-Carleton): That is not what he said. You are misleading the House.

An hon. Member: Read it again, Walter.

Mr. Baker (Grenville-Carleton): I have no intention of doing that.

Mr. Gillespie: It is important for Canadian suppliers to keep themselves competitive. They should sharpen their pencils when they are bidding on this great project.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that the National Energy Board and

Foothills (Yukon) have stressed the fact that the Alcan pipeline was advantageous to the people of Canada, because all of the pipe will be purchased in this country, can the minister assure the House that there has been no pressure in the process of negotiations with the United States to allow American companies to bid with the assistance of the American government by various forms of subsidy, so as to push the Canadian suppliers out of the market?

Mr. Alexander: That is the point.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Is this part of the quid pro quo by which we got an agreement with the United States?

Mr. Gillespie: Mr. Speaker, no, it is a lot of speculative nonsense.

Some hon. Members: Oh, oh!

* * *

PRIVILEGE

MR. GILLIES—ANSWERS OF MINISTER OF FINANCE RESPECTING DROP IN VALUE OF CANADIAN DOLLAR

Mr. James Gillies (Don Valley): Mr. Speaker, I should like to raise a question of privilege with respect to the Minister of Finance. I am aware of the fact that Your Honour has ruled over and over again that one cannot comment on the quality of answers given by ministers; I realize that is a well understood principle. But I should like to raise a question with Your Honour which I think is pertinent. It flows from the fact that information put forth in parliament is instantaneously transmitted across the nation and has an enormous effect on people throughout the country and, indeed, on our capital markets.

For a long time we have had the tradition in parliament that before a budget there is no disclosure which could affect any financial transactions or operations. We now find that statements made during the question period can have the same impact. All during last week the Minister of Finance implied that the Bank of Canada was not involved in any actions whatsoever which might be construed as moving toward support of the Canadian dollar. Because of those implications, there were transactions made on the Canadian dollar which probably influenced the downward movement of our dollar.

I am not suggesting the Minister of Finance misled the House purposely, or even if he knew what he was doing. I doubt if he knew what he was doing. The fact is that it happened. Regardless of the rule, which is well established, regarding commenting upon the answers of ministers, I think we need to examine once again the question of answers given in the House which relate directly to trading, speculation or other action on capital markets. There must be some way for ministers to realize that they must be accountable in this respect and must give answers which relay what is going on in an accurate fashion.

Therefore, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the question of accountability of ministers' questions which may affect direct action and exchanges in the capital markets of this country be referred to the Standing Committee on Privileges and Elections.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I rise on the question of privilege. If the hon. member wants to deal with that question in a very rational way, he will have to realize that sometimes the crazy statements of members of the opposition are listened to.

Some hon. Members: Hear, hear!

Mr. Chrétien: The opposition party has two or three critics on financial matters, and I have heard them make wild statements which create an impression that they know everything about the Canadian dollar, when it is not true. The other day a critic from the other side was referring to figures based on speculation and was trying to create the impression that he knew what he was talking about. If hon. members opposite do not want us to reply to such questions, the first thing they should do, if they know what they are talking about, is not to ask questions which disturb the market.

I indicated last week that we were not in discussion with anyone. The negotiations started on Monday of this week. When the question was asked last week, I was stating the truth, because I gave authority to people to start those negotiations on Monday of this week.

Mr. Speaker: Order, please. The hon. member for Don Valley raises, by way of a question of privilege, that which he acknowledged at the start has not traditionally been recognized as a question of privilege. If it relates to the quality of answers given in some general way, it would not constitute a question of privilege. Even if it relates in a specific way to the quality of answers, it would not be a question of privilege.

Unless and until I am persuaded that it falls within the classic lines of definition of questions of privilege, and in addition has a specificity to it which would attach it to one particular incident that could be examined by a committee, it would be very difficult to turn around the traditional definition of questions of privilege. Therefore, I regret I cannot accept the hon. member's suggestion as a question of privilege.

MR. BROADBENT—ALLEGED INACCURACIES IN PRIME MINISTER'S STATEMENT CONCERNING INCO

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, yesterday a question of privilege was raised by the hon. Leader of the New Democratic Party, in my absence. I believe the Minister of Finance reserved my right to answer it when I returned. I wonder if I might have that permission.

Mr. Speaker: The right hon. Prime Minister, on a question of privilege.

Mr. Trudeau: Mr. Speaker, this is not a very lengthy matter. The hon. Leader of the New Democratic Party said that I

misinformed, deliberately or inadvertently, the House. He referred to three items, the first of which is a statement by me. I should like to refer to page 322 of *Hansard* dated October 27, 1977, where the Leader of the New Democratic Party is reported as quoting me. It reads as follows:

I have clear information to the effect that Guatemalan production will not reach the market until 1979.

I stand by that. Our officials and our ministers have clear information to that effect. The Leader of the New Democratic Party attempts to contradict that by quoting from INCO, as reported at page 322 of *Hansard,* the following:

Commercial level production is expected to be achieved in the second quarter of 1978.

There are two operative words here. This is an expectation of production. On the expectation, we know there is a difficult start-up position in these overseas operations. There are bugs to be ironed out in Guatemala, as there have been in Indonesia. Our information is that the expectation of even production will not be fulfilled. One must note that I did not talk about production; I talked about reaching the market. It is important to know that in the case of Guatemala the production does not reach the market even as it is produced, because it still has to be processed. It is produced in a semi-processed form, and then it requires further treatment in the refineries of the company abroad before it can be marketed.

That is all I have to say in regard to the first point about not reaching the market. I stand by my statement. Obviously, either deliberately or inadvertently, the Leader of the New Democratic Party was misleading the House by playing on the word "production" as opposed to "reach the market".

My second point is with respect to the comments of the Leader of the New Democratic Party who was quoting me as reported at page 322 of *Hansard,* which reads as follows:

—INCO plans a reduction in Canada of 15 per cent of its operations, whereas it plans reductions abroad of some 30 per cent.

In order to contradict that, the Leader of the New Democratic Party said the following:

—no jobs are being lost in INCO's overseas developments.

I never said that. I never said that they are not continuing to develop the mines or to develop the operation in order to come into production and export at some point. Therefore, once again, the Leader of the New Democratic Party is either playing on words or trying to mislead the House—hopefully, inadvertently—by talking about development, whereas I talked about its operations. Referring to that same point, I should like to quote from the INCO press release dated October 20, 1977—that is, the very press release the Leader of the New Democratic Party quoted from—which reads as follows:

Production rates at the company's overseas nickel operations will be at levels substantially below those previously planned for 1978; consequently, employment levels will also be lower.

So, that is INCO saying the very thing I said, that the employment levels abroad will be lower. On the basis of discussions with INCO, our officials feel a reasonable estimate of 30 per cent would be the amount by which the production of the mines abroad will fail to reach their original target.

The third point was interrupted by Your Honour's ruling on the order of it, but it was put on the record that in terms of inventory I had misled the House. Here, again, the record speaks for itself. I said quite clearly, and I am quoting from page 217 of *Hansard*:

• (1212)

INCO has stockpiled for a period of 12 to 14 months.

I have here an article from the first page of the *Globe and Mail*—I hope that I will make the first page—quoting the leader of the NDP as follows:

Mr. Broadbent said . . . it has been stockpiling nickel for "about a year".

The two statements say practically the same thing. So, really, I think the leader of the NDP is just trying to get attention with a spurious question of privilege.

Mr. Speaker: Order, please. Yesterday the hon. member for Oshawa-Whitby was recognized on a question of privilege. As is customary when any member begins with an allegation that the House may have been misled either advertently or inadvertently by any comment, I heard him out. He put his comments on the record, and the Prime Minister refuted those points. It is obviously a matter of disagreement, not a question of privilege.

* * *

SENATE AND HOUSE OF COMMONS ACT

EFFECT OF AIB GUIDELINES ON INDEMNITIES AND ALLOWANCES OF PARLIAMENTARIANS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order with respect to a matter concerning which Your Honour made a ruling in the early part of 1977 after it had been raised in the House. It is my view that the same issue is arising again, and that it should be drawn to your attention so that you can make a ruling which, I assume, will be similar to the one you made for the year 1977.

I refer to the fact that in the Senate and the House of Commons Act there is provision for a 7 per cent automatic increase in the indemnities and allowances of members of parliament and senators. But a year ago Your Honour reached the decision, after the matter had been raised in the House, that the Anti-Inflation Board's guidelines had to apply, and therefore the amount that was granted in the statute was reduced to stay within those guidelines. The Minister of Finance has announced that the limit for 1978 will be 6 per cent on any salary or income increase. Because the Senate and House of Commons Act provides for a 7 per cent increase, it seems to me that the issue arises again.

I think most of us felt that the matter was handled properly last year by Your Honour making a decision on it after consulting the representatives of the various parties. I raise it now so that Your Honour can deal with it again. I think hon.

members are aware of the fact that I would be happier if the whole increase were cancelled, as it ought to be, but of course that is up to the government. In any case, I trust that the issue of increases for members of parliament having to be kept within the law will be dealt with by Your Honour.

I would remind Your Honour, of course, that last year you felt that consideration had to be given not only to the actual dollar increases but to certain other benefits as well, to make sure that the figure that was arrived at was within last year's guidelines. Surely the same would apply for 1978, and that is why I present this as a point of order for Your Honour's consideration.

Mr. Speaker: The point is well taken. The hon. member has recited accurately the events of last year. Fortunately, the matter has been raised in sufficient time to give us an opportunity to examine whether there is, first, a consensus to proceed in the same way and, second, if there is such a consensus, to consider the best mechanics of doing it. I undertake, as a result of the point of order raised by the hon. member, to consult with his counterparts in the other parties in the House to see whether there is a desire to proceed in the same way as last year, and to have those consultations as expeditiously as possible.

* * *

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I see the Solicitor General has just come into the House, and I understand, after consulting the deputy whip of the opposition, that he is going to make a speech in the course of the debate on the Speech from the Throne. I wonder if he would be prepared to tell us whether there is anything in his speech in the way of an announcement with respect to the activities of the RCMP that were not heretofore known, and which ought to be made by way of a statement on motions so we can question him with respect to such an announcement.

If he could tell us that, I would withdraw my point of order; but I think it is extremely important that the House should know that, because of the importance of preserving the efficacy of our rules with respect to announcements that should be made by way of statements on motions.

Mr. Speaker: Order, please. The putting of such a question at this time is rather extraordinary. There is nothing that can be done to prevent a minister participating in the throne speech debate and saying what he wants to say. However, if the minister wishes to give that indication, I take it it is the sense of the House to receive it. But there is nothing obligatory about it in respect of the minister's actions. He is not required to do so, nor is it within the practices of the House for him to do so.

An hon. Member: Are you afraid to be questioned?

ROUTINE PROCEEDINGS

[*English*]

NATIONAL ANTHEM ACT

ESTABLISHMENT OF NATIONAL ANTHEM

Hon. John Roberts (Secretary of State) moved for leave to introduce Bill C-9, entitled "An Act respecting the national anthem of Canada".

Motion agreed to, bill read the first time and ordered to be printed.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Thursday, October 27, consideration of the motion of Mr. Dawson for an address to Her Majesty the Queen in reply to the speech at the opening of the session.

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I welcome the opportunity to take part in the last day of the debate on the Address in Reply to the Speech from the Throne. It was a pleasure for me to hear Her Majesty the Queen, that gracious lady, read the Speech from the Throne, and, it was certainly a pleasure to meet her afterwards. However, the Speech from the Throne, which was written in the Prime Minister's (Mr. Trudeau) office, was very dull and did not contain much for the people of Canada. It is probably more famous for what it did not say than for what it said. Many areas of concern, such as our economy, were not mentioned in that speech, nor was much said about such issues as the environment, transportation, and agriculture.

The environment is an area of concern in Canada to which we must pay more attention. Canada is on the northern fringes of the world, and its environment is very delicate. There is the danger of pollution in our lakes and rivers. Some of that pollution can never be stopped or reversed. We must learn from the experience of other countries and we must treat our environment with more respect than we have. Over the past few years the Prime Minister has not seen to it that there has been continuity in the Department of the Environment. In the five years I have been here, there have been many ministers in charge of that department. It is important that the department becomes better orientated to what is going on, and that it uses more force than it has been using. Instead of playing musical chairs, the department should become a priority department in Canada.

● (1222)

The question of energy is now very closely related to the environment. As our fossil fuels become depleted, we are

spending more and more money on the exploration of fossil fuels and on distribution systems such as pipelines, tankers or whatever is used to transport fossil fuels. More and more exploration is taking place in remote and delicate parts of Canada, such as the north, the Beaufort Sea and Baffin Island. What we are really doing is buying time. Much energy is being used in the world, especially in the United States and in highly industrialized parts of this country. Petroleum is a depleting form of energy and it is running out. We are spending more and more money in the delicate areas of our country in order to find an energy resource which will be depleted in any event, and the more we do this, the more there is need to worry about the environment.

I do not think enough emphasis is being put on the importance of alternative forms of energy. There is not enough research carried out; not nearly as much money is being spent on research as there is on the search for more fossil fuels. Other sources of energy are solar, nuclear and electricity. It is becoming more and more evident that, especially in Canada and the United States, we will have to rely on these other sources of energy. We must put more and more of our money and resources into research, so that we will be ready when fossil fuels are depleted, and so we can use fossil fuels for a longer period than is now predicted. Granted, a person of my age may never see the end of fossil fuels, but we must start planning for our children, our grandchildren and their children. Much more emphasis will have to be placed on this area.

In the Speech from the Throne very little was said about agriculture. There was a passing reference to the effect that something is going to be done about a food strategy. I know that the Minister of Agriculture (Mr. Whelan) has said he is going to reorganize and restructure his department, but in my opinion that is just window-dressing. That is the type of thing that is done when the government is in trouble and really has no answers or solutions. It has been done many times, not only in government but also in industry. It does not really solve anything.

Just before I came to Ottawa as a member of parliament, there was a period when the federal government had a task force on agriculture, called the agricultural congress. It was reputed to be the answer to the problems of Canadian agriculture in the 1970s. The federal government spent a lot of money on it. It employed all the best agricultural people and people from consumer groups to discuss the great task of doing something for agriculture in the 1970s. The government set up a trends in food prices committee. That was replaced by the Food Prices Review Board.

These initiatives really have not accomplished anything different from what was accomplished after the first congress. The solutions which were put forward by the agricultural congress have never really been used. If this government wants to save money, I suggest it should dust off the old books, read them and start following some of their recommendations, instead of just starting other programs with different names and trying to convince farmers and consumers that the government is really doing something about agriculture. The problem with agriculture in Canada is that there is no agricultural policy; the federal government has never really spelled out guidelines for an agriculture policy.

Farmers in the United States have many difficulties. They are getting to the point where they are ready to become militant. One of the reasons for this is that the reduction of inflation in the last year or two has really been brought about on the backs of farmers. This has been because of cheaper food. However, that will not keep the farmer of Canada or the United States in business. If and when they go out of business, the chickens will come home to roost and the trouble will really begin. It has already started in the United States.

• (1232)

We do not need a lot of studies and bringing of people together in order to have a food strategy in Canada. We need to dust off some of the old studies and put them into use. We need policies which will do something as far as farm communities and food production in Canada are concerned. We always hear from this government that we need to become self-sufficient in food production. That will never happen with the type of policies the government has. It is time they brought in a policy that will accomplish that.

I wish to speak for a few moments on problems in my constituency with regard to CBC television. I refer in particular to that portion of my riding which extends 250 miles along the United States border. It receives very little, if any, help from CBC television. An accelerated program has been announced. As far as I am concerned, it means the CBC should be going into that area to ensure that the 15,000 people living there receive CBC television without having to pay for it.

There was an application for a French television station in another part of my constituency. It was approved on the basis that there were 500 people who should get this type of reception. This was done under the accelerated program, totally ignoring the obligation to ensure that people in the other areas to which I have referred receive television reception free of charge, like everyone else in Canada. I agree that the people in the area do get television reception; however, it has been necessary to form co-ops—private individuals who put repeater stations in the mountains. It is a costly process and it does not always work. It is not the government who pays for that; it is the people of that area. It is not like in my home town of Kelowna, Toronto or Montreal, where it does not cost anything to see CBC television.

I made an intervention in the CRTC hearing in Vancouver against having a French television station in the Okanagan before providing service to those in the Boundary country. I was not too popular as a result of that intervention. However, I felt the CRTC should know about it and understand what has to be done. In committee hearings here in Ottawa I talked with the president of the CBC about this matter. I told him they had an obligation to the people of that area, and not just on a piecemeal basis in order to soothe somebody's complaint.

While being questioned by the chairman of the CRTC, he read the Broadcasting Act to me. At that time he seemed to begin to understand what it really meant. When he had finished he asked what I thought it meant. I said that as far as I was concerned, it meant providing service to these people. The decision they handed down was to put in French television. I fully expected that would happen. However, they also said:

> In this regard, the commission notes that the corporation's discussions with the government with a view to taking positive action to deal with this matter are now well under way.

However, very little has been done. Every once in a while they send in technicians to talk to people there. They really are not doing the job that should be done under the accelerated program. I have a letter here from the people of Rock Creek, British Columbia. Nothing is being done for them. The letter lists the names of 571 people living within a five-mile radius of that community. Instead of looking after these people, the government rushes in to supply costly French television service for a far smaller group of people in another part of my constituency.

Another area about which very little has been said is transportation. Very little has been done by this government in that area. I am very concerned about railway line abandonment. The CPR has abandoned the old Kettle Valley rail line. They have applied to the CTC to have it abandoned in its entirety. I went through the motions of finding out what happens to rights of way when rail lines are abandoned. I found that they revert back to the railway.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his time has expired.

Hon. Francis Fox (Solicitor General): Mr. Speaker, the Speech from the Throne, as we all know, included a commitment to principles which I, as Solicitor General, strongly share. Of more interest to me is the goal of enhancing the rights and freedoms of Canadians through adherence to the principle of open government. This objective has, of course, very direct relevance to all of the agencies for which I report to parliament, but in particular to the RCMP security service.

Since the establishment of the royal commission of inquiry under the chairmanship of Mr. Justice McDonald, a high degree of public interest has been evidenced concerning the role of the security service. I want to avail myself of the opportunity provided by the debate in response to the Speech from the Throne to review some developments that have occurred since the establishment of the royal commission earlier this year. But first I would like to review the mandate of the security service and its role in Canada today.

[*Translation*]

Mr. Speaker, since the Great War, the RCMP, in its capacity as federal police corps, has been the main body responsible for security investigations and operations. Under section 18 of the act enacted in 1959, it is the duty of RCMP officers to carry out all responsibilities entrusted to crime prevention officers as far as violations of the Canadian law and of the law of any province where they may be employed are concerned. Indeed, in addition to the functions and responsibilities defined in the RCMP Act, the force has a duty under its governing regulations to create and operate the intelligence and security services that may be required by the minister.

So the mandate of the RCMP's security service must be put back in the context not only of the duties of every police officer, but and mainly of those described in the various instructions and directives issued from time to time by the minister or the government concerning the investigations to be held in matters of national security. So the security service deals with security as a whole, as well as intelligence matters and relevant police operations. Furthermore, it maintains and scrutinizes files, performs personnel investigations, advises the various departments on security matters, stores files and performs certain other functions related to the management and planning of national security operations.

This has been clearly and publicly stated in the report published in 1969 by the MacKenzie, Coldwell and Pratte Commission. It should be remembered that the first and almost sole threat to international and national security, after World War II, during the cold war through the following period has been perceived and described in ideological terms. At that time the opponent was easy to identify. For that reason, there has been a consensus among government circles and the majority of Canadians on the desirability of and need for internal security operations. The Gouzenko case also brought forward in the public's minds the requirements of security with our own country. My predecessor and myself have reviewed from time to time the operations of the security service.

These revisions were suggested by a changing Canadian and world environment that lead government authorities to bring security operations into line with current realities, with inside and outside influences that had an impact on Canada's security and national integrity.

To illustrate the process we have gone through, Mr. Speaker, let me suggest that only 20 years ago terrorism, sabotage, kidnappings and political murders were not a current occurrence in the world. In 1963 we went through our first wave of terrorist activities in contemporary Canadian history, marked with bombing incidents, hold-ups, thefts, property damage, bodily injuries and murders that culminated in the sombre hours of the October 1970 crisis.

● (1242)

[*English*]

Terrorism, be it national or international, as hon. members are well aware, has become one of the most critical problems of this decade. The toll it has exacted, both in human suffering and destruction of public and private property, has been enormous. These, however, are not the only costs. This phenomenon of politically motivated violence has forced almost all governments to adopt measures, be they security measures at airports or domestic security surveillance programs, which lessen the over-all freedom of us all. It would be both irrespon-

sible and unrealistic to assume that Canada is immune from such threats.

As early as 1966 it was recognized by the government that greater attention would have to be given by the security service to ascertaining and assessing the nature and the extent of the separatist threat in Canada, with a view to identifying those individuals, groups and organizations whose real or apparent purpose and objective was to subvert or destroy, by force, by violence or by threats of force or violence, Canada as a united country under confederation.

Nonetheless, when the October crisis of 1970 struck, there was an immediate realization that information on groups responsible for the crisis had been wholly inadequate. It was not clear which specific groups involved in the separatist movement were advocating or resorting to the use of violence or the commission of criminal acts, including murder, to accomplish the changes they sought. It was difficult to determine at that time precisely which groups were conducting themselves in accordance with the law and the principles of democratic action. In response to the gaps that were recognized as existing in October, 1970, the security service realigned its operational activity to obtain intelligence on groups and organizations that had been identified as supporting the separatist cause.

Set against this change in focus was a recognition that very careful consideration would have to be given to the mandate of the security service. The protection of political and legal rights of individuals and groups was of prime concern to the government and to the security service itself, especially when its attention started to focus on a national problem.

[*Translation*]

One of the first steps in the formulation of new guidelines for the security service of the RCMP has been the adoption by Parliament in 1974 of a new definition of the expression "subversive activities" that is to be found today in the Protection of Privacy Act which amended certain aspects of the Official Secrets Act. It was then decided that this definition constituted a solid starting ground from which the role of a good security service could be defined more precisely.

On March 27, 1975, the cabinet defined the mandate of the security service of the RCMP and authorized it to maintain internal security, namely to discover, monitor, discourage, prevent and thwart the activities of certain individuals or certain groups in Canada and carry out investigations about them when there are reasonable or likely grounds to believe that they are carrying out or do intend to carry out spying or sabotage action, activities aiming at gathering information on Canada for the benefit of a foreign power, activities aiming at a change of government in Canada or elsewhere through the use of force, violence or any other criminal action, activities undertaken by a foreign power and related to a real or possible attack against Canada or other hostile actions against our country, activities of a foreign or national group trying to perpetrate acts of terrorism in Canada or directed against this country, the use and encouragement of the use of force or violence or any other criminal means, the provocation or the exploitation of civil disturbances in order to take part in any of the above-mentioned activities. This mandate still continues to exist.

The government is constantly preoccupied by the issue of individual rights and liberties and by the balance that must be preserved between these imperatives and the interests of the state. As far as political adherence is concerned, the Prime Minister (Mr. Trudeau) stated the position of the government in the Commons in 1976 when he indicated clearly that a legally constituted political party should not be systematically monitored by the RCMP. On May 27, 1976, the cabinet studied which procedures should be followed to come to a decision regarding the employment of individuals likely to occupy vital positions in the civil service. The cabinet concluded that if information on the occupant of a strategic position or a candidate for that position in the civil service was available and that they gave reason to believe that the said individual was a separatist or a sympathizer of the Parti Québécois, this information was deemed to be pertinent as far as national security was concerned and it should be brought up to the attention of the authorities concerned. The cabinet also concluded that those authorities would determine the significance of such information, taking into consideration all the relevant data such as the source, the prima facie authenticity of the information and the strategic nature of the position involved. That decision is also still being applied.

Also in the spring of 1976, the government was informed for the first time of the facts surrounding the illegal break-in and theft of documents on the premises of L'Agence de Presse Libre du Québec in Montreal. Since it was believed then that it was an isolated incident, no inquiry commission was appointed. In the summer of 1977, however, new allegations of illegal acts were made.

● (1252)

[*English*]

After having made inquiries into these allegations at the insistence of the government—

Some hon. Members: Oh!

Mr. Friesen: Blush, Francis, blush.

Mr. Fox: —the commissioner of the RCMP advised that he believed that, in the circumstances, it would be in the best interests of the RCMP that a commission of inquiry be set up to look into the operations and policies of the security service on a national basis. The government agreed that public support of the RCMP in the discharge of its responsibility to protect the security of Canada is dependent on trust in the policies and procedures governing its activities, and that the maintenance of that trust required that a full investigation be made into the extent and prevalence of investigative practices that are not authorized or provided for by law. Commissioners, under part I of the Inquiries Act, were appointed with very wide terms of reference and very extensive powers of inquiry.

[*Translation*]

In spite of the initiative taken by the government, we are committed, as we have repeatedly stated in this House, to inform the commissioners, as well as any person entrusted with the administration of justice in Canada, of any facts or evidence related to the alleged breach of Canadian laws. Under that commitment, I have already referred two incidents to the federal inquiry commission and to the attorney general of the province of Quebec.

Today also I have reported to the authorities the alleged offences committed in 1973 and involving property belonging to the Parti Québécois. It appears that those allegations deal with the break-in into premises in Montreal, on January 9, 1973, where computer tapes listing members of the Parti Québécois as well as financial information were being kept. That operation was apparently authorized by senior officers of the security service. The information obtained in the course of that break-in were destroyed in the spring of 1975, after a new policy was implemented following the cabinet decision to which I referred.

The action taken in 1973 actually raises the very serious problem into which Parliament should be called to look. It is the dilemma, Mr. Speaker, facing any government or security service in the performance of their respective duties related to the security of our country under the present circumstances. The Royal Commission on Security identified that dilemma in its report published in 1969. The commissioners then stated: A security service is unavoidably involved in activities which run counter to the spirit, if not to the letter of the law, and in illegal or other activities which may seem to infringe upon individual rights.

[*English*]

It will be noted that the royal commission did not say that a security service must never be involved in any actions "that may contravene the spirit if not the letter of the law". It would have been easy for the royal commission to say that. The commissioners did not say it because they recognized the reality of the dilemma. We want effective protection of our national security. We also want respect for the law and respect for individual rights. But these desires—both legitimate—may be in conflict at times. At precisely what point should a security service refrain from taking action that it thinks important to meet its responsibility for national security in order to avoid any possibility of contravention of even the letter of the law? It is of very little help to transpose the dilemma to the level of ministers or government; the basic question remains the same.

It is because of this dilemma that I ask the House and the people of Canada not to be overly hasty in judgment of this case. The action was taken on the authority of officers whose motives were of the highest order and beyond any doubt. It was authorized and carried out in the absolute conviction that its sole object was to promote the security of Canada given the political and social climate prevailing in 1973.

None the less, it is a matter that I felt I must bring to the attention of parliament and of the appropriate authorities as soon as information was received concerning it. But I do so in the hope that it will be considered in the context of the circumstances of five years ago and in the light of the dilemma to which I have referred. It is my profound hope, Mr. Speaker, that the royal commission of inquiry under Mr. Justice McDonald will, in its report, be able to assist the government and parliament in deciding, as precisely as possible, the type of legislative framework that must be given in future to those who are charged with maintaining our national security.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, a few moments ago I asked the minister, prior to his rising to his feet, whether there was anything in what he was about to say, knowing that he was on the speakers' list, that ought to have been included in a statement on motions, so that members of this House would today have the opportunity to question him in accordance with our Standing Orders. But he said nothing. He sat there and said nothing. This, sir, is the second violation of the spirit and intent of the Standing Orders of this House. We laboured long and hard in the procedure and organization committee to bring to fruition some procedure for dealing with statements on motions, so that matters such as this, matters which the government says have just come to its attention but which occurred in—

The Acting Speaker (Mr. Turner): Order, please. I should like to ask the hon. member for Grenville-Carleton (Mr. Baker), whether this is a point of order or a speech.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I was recognized by the Chair to make a speech and I am now entering into the debate. I was saying, matters which had just come to its attention—

Mr. Pinard: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Turner): The Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) is rising on a point of order.

[*Translation*]

Mr. Pinard: I raise a point of order, Mr. Speaker. I would like to know if the hon. member has had the opportunity to take part in this debate and if he spoke for 30 minutes.

[*English*]

Mr. Baker (Grenville-Carleton): It is a legitimate question. I did take part in the debate on the amendment. We are now on the main motion, so I do have the right to speak.

Mr. Friesen: I hope you are as careful about the rules with the RCMP.

Mr. Lefebvre: He is using his position to speak twice.

Mr. Baker (Grenville-Carleton): That is right.

Mr. Lefebvre: Then why didn't you say so?

Mr. Baker (Grenville-Carleton): Why didn't you ask? You have been here long enough.

[*Translation*]

Mr. Pinard: Mr. Speaker, on the same point of order.

Under Standing Order 32(7), no member, except the Prime Minister and the Leader of the Opposition, shall speak for more than 30 minutes at a time in the said debate; provided that 40 minutes shall be allowed to the mover of either an amendment or of a subamendment. My understanding of this provision of the Standing Orders is that, be it an amendment, a subamendment or a motion, a member is not entitled to speak for more than 30 minutes in the debate on the Address in Reply to the Speech from the Throne. Since the hon. member admitted, as a reply to my question, that he had actually spoken for 30 minutes, I respectfully submit that his time has expired, that what he actually intends to do today is only to raise a question of procedure, that he can do so on a point of order and that we will have the opportunity to discuss and possibly to disprove his arguments; and, finally, he is not entitled to take part twice in this debate, to the prejudice of others members' rights.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. According to our records, all the hon. member for Grenville-Carleton did was to second the motion of the hon. member for Battle River (Mr. Malone) on Monday. So according to our records he has not spoken. The hon. member for Grenville-Carleton has the floor.

Mr. Baker (Grenville-Carleton): Mr. Speaker, in the minute remaining to me, the very important point to make, aside from hon. members opposite making a travesty of the rules, is the concerted attempt by this government, as it has before, to pass off on to the RCMP what is basically its responsibility to know. I am in no way defending any illegal act, neither am I defending the impropriety of this minister.

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock, I do now leave the chair till two o'clock p.m. later this day.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

• (1402)

Mr. Baker (Grenville-Carleton): Mr. Speaker, just before the luncheon adjournment, when your colleague was in the chair, I was indicating my displeasure about the method the government chose to make the startling and astounding announcement that we have yet another break-in, apparently illegal, by the Royal Canadian Mounted Police. The announcement he would make was well known to the Solicitor General (Mr. Fox). In fact, it was so well known that he was not present today during the question period so that no questions could be asked of him, and he chose not to rise at the first opportunity he had, namely, during motions, before orders of the day were called. Instead, he made the announcement in the course of his speech in the debate on the address in reply to the Speech from the Throne. It is quite legal, of course—slick politics, but quite legal—to smuggle in such an announcement during a speech in a debate, and thus deny members of parliament the right to deal with economic matters or other matters, rather than on motions when we would have the right and the power to question the minister.

• (1412)

What really concerns me, aside from what the minister said in the House today, is what he said when he went downstairs to the television room. What he asked us to believe is that certain high officials somewhere—there is some question as to where they were—took the view that it was the law of this country, that it was quite appropriate and legal, for a police force or a group of policemen to break into premises, remove the incriminating evidence or whatever they were looking for, make photocopies of it, and then put the original material back in place. This is supposed to be the law of the country.

Mr. Gillies: Watergate!

Mr. Baker (Grenville-Carleton): Richard Nixon believed the same thing and defended it until it caught up with him. I suspect that if this is the kind of conduct that is being defended by the Solicitor General, then he is not fit to occupy that post.

The other side of the question that is beginning to worry me even more is how much this government really knows, how true it is that they can honestly slough off this responsibility completely on to the RCMP. Is there a responsibility somewhere in the parliamentary law in this country, and indeed in any parliamentary jurisdiction, for a minister to have some responsibility for those who come under his jurisdiction? Can he honestly say that so-and-so acted illegally, but that the minister is not responsible? In that sense he has forfeited, I think, the credibility that he has as the Solicitor General, but, more important, as a minister of the Crown. Is there any Canadian anywhere, except perhaps in the House where we are bound to accept the statements by ministers, who believes that in a city like Ottawa, where the public service, national agencies such as the RCMP, cabinet ministers and the business community are always intercommunicating, there was no knowledge in the upper levels of government? I do not believe that there was no knowledge, although I must accept the minister's statement because that is our parliamentary practice.

There is a suspicion abroad that the government of Canada, by limiting the jurisdiction of the McDonald inquiry into the RCMP in such a way that it can only be directed to the RCMP and not into the question of the responsibility and the knowledge that government ministers had, was effecting the first steps of the cover-up of what is now coming out in dribs and drabs before the Canadian people, because this is the third instance. When will we hear about the fourth, the fifth and the

sixth instance, and what kind of mentality is there in this government that they should believe the people of Canada would call that kind of conduct defensible? I suggest that they misread the people of this country in terms of civil rights and the operation of law.

Who else is being investigated and has been investigated by the RCMP under the responsibility of the Solicitor General of Canada? Is it the NDP that they have investigated; is it the Progressive Conservative Party that they have investigated; is it some other agency that their paranoia has caused them to investigate?

The other question I have is how much knowledge, in this case, did the security and analysis group, which is right in the Solicitor General's office, have with respect to the matter that the RCMP was involved in; and if they did not have any knowledge, they had better come forward and say so, because there is no one here who will accept that?

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): There is no one anywhere who will believe the tripe that we have heard coming from the mouth of the former solicitor general, now the Minister of Supply and Services (Mr. Goyer), the solicitor general previous to him, now Minister of Consumer and Corporate Affairs (Mr. Allmand), and the present Solicitor General who had to stand up and make that abject speech in the House today. There is no one who would believe that they could be so incompetent as not to know; and even if they were so incompetent, then they should not hold that office. We have just removed the lid on Pandora's box of security, snooping, bugging and illegality in this country, and we serve notice on the government right now that we do not intend to let this matter rest until it is all hung out.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a brief question? In view of what he is now saying, would he not agree that the McDonald inquiry should now be out in the open?

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I thank the hon. member, because he has anticipated what I was going to say with respect to the McDonald inquiry. I have just had put in my hands a copy of *Hansard* of June 22, 1977, when the Leader of the Opposition (Mr. Clark) asked that the Chief Justice of Canada be empowered to appoint a judicial inquiry, and that the judicial inquiry be empowered not only to act within the terms of reference of the present McDonald inquiry, but to investigate the question of the legal and moral responsibility and the liability of this government in terms of the operations of the Department of the Solicitor General and the RCMP. What was asked? We asked the simple question. It is not known. The preamble to that question was the same preamble that was used for the Dorion inquiry which the force of public opinion finally drove into a public, open inquiry although the supporters of the government that day said no.

As the hon. member for Winnipeg North Centre (Mr. Knowles) said, that inquiry should be public. There is no way it can be kept secret now, and no justification for it. When it comes about that a federal government agency investigates a political party, then surely if we are a democracy and if we preach and practise openness in government, then openness in investigation in those circumstances is the only proper, honourable and moral course to take. The self-serving statement of the Solicitor General, on page 8 of the text, says:

● (1422)

After having made inquiries into these allegations at the insistence of the government the commissioner of the RCMP advised—

Does the Solicitor General not recall the questions which were put to him in the House of Commons day after day by the opposition parties? Does he not recall being asked and pushed by the opposition in this House for the kind of inquiry we wanted and called for on June 22—a full, open, public and broad inquiry—not only into the RCMP but also into the responsibility of the minister and his colleagues? Does he not recall that?

I am sure the Canadian public recalls it. I am sure it occupied enough of the front pages of the metropolitan newspapers in this country that the Canadian public is not so selectively amnesiatic as the Solicitor General. Nobody believes the Solicitor General when he says it was at the insistence of the government. It was at the insistence of the members of this House who occupy the opposition benches.

Mr. Fox: It refers to the allegations that came in after the first statement.

Mr. Baker (Grenville-Carleton): The minister had his chance to make a speech. He made his speech and he is now hung with it. When the history of this time is written—

Mr. Fox: You don't know what you are talking about, again.

Mr. Baker (Grenville-Carleton): —and the minister reads *Hansard,* he will find that the only reason we got this paltry investigation was that Her Majesty's Loyal Opposition and other parties in the House of Commons insisted that it come about.

Some hon. Members: Hear, hear!

Mr. Fox: Mr. Speaker, I rise on a point of order. Once again the hon. member is distorting the facts because he has no knowledge of the facts. Perhaps that is not his fault, but if he is really interested in the truth and in what happened after my initial statement in the House in the month of June, a number of allegations were brought to my attention, and I asked—and the government asked—the Commissioner of the RCMP to investigate those allegations. That is what the statement the hon. member just quoted refers to. Once again the hon. member is trying to distort the facts, which he cannot do because he does not know the facts.

Mr. Deputy Speaker: I must say that this is a point of disagreement and the Chair cannot intervene.

Mr. Baker (Grenville-Carleton): It is hardly a point of order, Mr. Speaker; there is no way in which it could be construed as a point of order. The class of 1972 will have been here five years on October 30, 1977, and one thing I have learned since coming to this House is that when you are getting very close to the mark, some minister or some hon. member opposite always rises on a point of order. That is what we have just seen. They try to interrupt the proceedings.

The facts of this case are becoming horribly open now. The questions are now becoming open because this minister—

Mr. Fox: Has told the truth.

Mr. Baker (Grenville-Carleton): —for the third time has been forced to tell the truth. I would wager that if the first two incidents were not about to be uncovered next week at the McDonald inquiry, the minister would not have come forward on this occasion, because he did not come forward on other occasions until he was pressed by members of this House to do so.

Mr. Fox: You know that is not true.

Mr. Baker (Grenville-Carleton): There are very few Canadians, except the most abject apologists for this government, who will not say that the hallmark of the Trudeau government is secrecy; the hallmark of the Trudeau government is to obscure the facts.

An hon. Member: That is one of their proudest achievements.

Mr. Baker (Grenville-Carleton): If anyone wants proof of that, he should take a look at the green paper on freedom of information. I thought the government had opened a new door, and I was about to put my foot in it just before it was slammed shut in terms of information. How many orders in council do we have now? That is the hallmark of this government. The practice has now come into effect, as far as legislation is concerned, to do things which used to be done legislatively by order in council behind closed doors.

The practice has been to deal with cartels. The uranium cartel is an excellent example. The practice of the government is not to tell anybody what it is doing. The government knows it can do things publicly if it wants to be honest with parliament and come to parliament and tell us what is happening, but it does not do that. As far as the government is concerned, parliament and the people of this country do not matter any more. The government feels it need come clean only when pushed, and on every occasion when this Solicitor General came clean he had to be pushed day after day in the question period. Those are the facts. The record will prove that, and the Solicitor General knows it.

There is some action this government can take, and I challenge it to take it. I challenge the government to broaden the terms of reference of the inquiry to the extent suggested in the motion under Standing Order 43 proposed by the Leader of the Opposition on June 22, 1977. That will get at the question of ministerial responsibility. That will get at the truth of who in Ottawa knew. We will find out then what part the security analysis group played. We will get beyond the investigation of the security service of the RCMP and into the criminal investigation branch and the part that the Solicitor General and his colleagues played.

Mr. Fox: Read the terms of reference.

Mr. Baker (Grenville-Carleton): The minister says I should look at the terms of reference. I have looked at them, and that is precisely why I raise the question I do. We will also find out who among the minister's cabinet colleagues knew. We have to accept what they say here on the floor of the House of Commons—

Mr. Gillies: We don't have to believe it.

Mr. Baker (Grenville-Carleton): —but the Canadian people are not bound by our archaic rules; they can make up their own minds.

Mr. Douglas (Bruce-Grey): They will.

Mr. Baker (Grenville-Carleton): The acting government whip says they will make up their own minds. He is absolutely right; they will. They are going to say, just as I have said, that never in the history of this country has there been a government more prone to cover up. Never in the history of this country has there been a government more ridden with scandal than this government. Never in the history of this country has there been a greater attempt to do indirectly what the government could not do directly under the law of this country. Never has there been a government in Canada which has tried to make more paltry excuses for the improper acts of its officials than has this government. And never has a government been more prone, when finally caught with its hand in the cookie jar, to blame its public servants.

That is what the people of this country are going to say. They are going to think of Larry Stopforth, Walter Rudnicki, and many other public servants who have been bound, gagged and forced to bear the burden of the ineptitude of this government by being fired from their jobs when they were just trying to do their jobs. This government has always tried to place the blame somewhere else. Well, it is not going to succeed. The RCMP, any police force, any member of parliament, public servant or member of the bench in this country is no different before the law than anyone else. No one can condone illegal behaviour, but neither is a government allowed to hide behind ministerial responsibility to cover its tracks.

● (1432)

Mr. Deputy Speaker: Order, please. I just want to tell the hon. member that his time has expired, although I did allow him three minutes extra on account of the interventions.

Mr. Oberle: On a point of order, Mr. Speaker, since the Solicitor General (Mr. Fox) allowed himself to participate in the speech of the hon. member for Grenville-Carleton (Mr. Baker) to a large extent, I wonder if he would accept a question?

Mr. Deputy Speaker: Order, please. This can only be allowed with the unanimous consent of the House. Besides, the minister does not have the floor so there is no way he can answer a question. The question should have been put when he was speaking. The hon. member for Timiskaming (Mr. Peters).

Mr. Oberle: Mr. Speaker, the minister was intervening throughout the speech of the hon. member for Grenville-Carleton, so perhaps he would not mind answering a question.

Mr. Deputy Speaker: Order, please. The hon. member can speak to the minister outside the House. The minister is not entitled to speak twice in the debate, and he has used up his time. The hon. member for Timiskaming.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to pursue the matter under discussion, because I think it will be with us for many days and it is not going to bring any great repute to the people involved. I have been interested in the subject for a long time, because I think our police force has been used in ways it should not be used. I remember the RCMP sitting in front of my house for days, so I am interested in the problem.

There is a more practical and much broader problem that affects the people in my part of the country today, however, than whether they are under surveillance by the RCMP. Most people would let them in the house if they asked, but that would take all the fun out of snooping so they probably would not accept the invitation. In Canada today we are faced with unemployment and an economic situation very similar to that of the depression in the 1930s. I hope that we of this generation have more guts than our fathers had.

An hon. Member: I doubt it.

Mr. Peters: Maybe we do not, but I hope we have and I hope the young people of today will have more guts than their fathers. It seems to me we have a very intelligent, highly educated, highly sophisticated society. If we can allow 1½ million people, out of a labour force of 6½ million, to be unemployed and not do something about it, I think we have failed that society and it will drift into the Ten Lost Years as our parents drifted into the decade of the thirties. Surely that will not happen; surely something will be done about it.

The government talks about buying armaments and sophisticated weapons. The minister mentioned a weapon commonly known as the neutron bomb that apparently does not destroy property but only kills people. It seems to me we are more barbaric than our ancestors away back in the time of the cavemen. We have to do something about it, rather than wait for the obvious solution that is already on the horizon: I mean war. There will be another Hitler or the equivalent, whether in Israel, Rhodesia or South Africa, and that will bring an end to unemployment for Canadians and most of the people of the world. Of course, most people will be dead anyway and civilization will be set right back.

Unless governments, industry and all people co-operate to see that employment is provided, there will be a serious rending of the fabric of the nation, and very rapidly too. INCO has indicated that 3,000 people will be laid off in Sudbury, 700 at Thompson and 1,200 at Port Colborne. One of the mines in my area, the Langmuir joint venture—a joint venture of INCO and Noranda—has announced that operations will cease early next spring and 115 to 120 employees will be laid off. Mr. Speaker, it may be all very well to lay off 2,000 or 5,000 people in Montreal, and it may be all right to lay off 5,000 or 10,000 in Toronto or some other city, but any lay-off is a disaster in a small community that is based on one industry.

While I was home during the recess I received four telephone calls. One was from Timmins, inquiring if I could provide any assistance in bringing a nanny out from England. Apparently the wife had left home and the husband was finding it very difficult to cope with two small children. The same day I had three calls from my own area, and in each case the husband had walked out on the wife. These were all young couples with two or three children. I made the facetious remark to the people who handle social and family services that we should look over the files and try to match the deserted husband with one of the deserted wives and somehow put them all together and thus solve the problem for both parties. I was told that could not be done as they were all young people and the neighbours might talk. Maybe that is true, and I certainly do not want to act as an Ann Landers in matching them up. Mr. Speaker, this just indicates the disasters that take place immediately upon unemployment.

It has been suggested that some of the people being laid off might find work in Timmins. The Texasgulf operation there has already dispensed with most of its contract workers, however, and has announced on a number of occasions that it will not lay off workers. That is true so far, but recently statements from the company are to the effect that they hope they will not have to lay off people in Timmins. Mr. Speaker, there will obviously be lay-offs because the price of zinc is down. There will be lay-offs, too, in the Noranda area where there is a branch of the McIntyre mine whose main production is copper. The price of gold fell, so there is little exploration in that field, and until that happens they will have to depend on the copper operation alone. That will mean lay-offs.

Being laid off today is not like it was years ago when you may have had a father or grandfather, or even an uncle who lived on the farm. If you were laid off, you could go home and stay on the farm. That is no longer possible. In this country we are very proud that people own their dwellings—they and the finance company, and mostly the finance company. They have an interest in the house they live in and bought from their savings. Even if 10 per cent of their pay cheque were put into savings, clear of the mortgage payment on the car, on the

house, furniture and everything else, it would only last one or two months. They may be fairly highly paid—they are certainly highly paid in Sudbury—but that is a very high cost area in which to live. If these people are laid off there will be a disaster within two or three months.

● (1442)

A husband looks for jobs that do not exist. He takes a trip to the city, but finds that because of a disability or lack of education he is not entitled to a job in the secondary industry. He finds he does not have a saleable commodity in the other mining communities because there are no job openings there. When this man returns home, obviously there is great difficulty. It often results in someone walking out, and a broken home. In the end, the municipality and the country have to make the contribution that should be made by the company or the industry in which he was employed. Instead, he is supported mainly by those who are still employed.

Northern communities such as Sudbury, Timmins, Noranda and Kirkland Lake are one-industry communities, whether the mining industry or the forest industry. They have been built by the workers in the industry, not the companies. It is interesting to note than when McIntyre mines left the mining field in Timmins, they gave to the city, for $1 or a small amount, the McIntyre arena. That was all they gave to the community after having taken out millions and millions of dollars. Hollinger left a ballpark that is now mostly a private golf course. They left Timmins with 800 or 900 houses which soon had to be replaced. The workers built the towns. They carried the tax load and were responsible for the community. A worker spends his lifetime developing a community for an industry. These are the kinds of industries we are allowing to go by the board.

The government can do something about this. Gold, for example, is a useless commodity. We have been told this over the years. For 25 years we subsidized the gold mines because the communities were totally dependent on them. They were maintained in the poorest possible condition. As little as possible was paid for the gold. The government subsidized the difference between the cost of production and the value of the gold. If the government had had enough sense to put it into our treasury instead of the United States treasury, we would have got our investment back tenfold. Gold went from $35 an ounce to close to $200. If we stockpile it today, it will probably go to $200 or more.

With regard to uranium, there was a cartel and the price was raised. However, that is not the answer. There is a world shortage of uranium. Only four countries have any sizeable amounts of uranium. We only stockpiled it against the day when there would be a need for it in the energy field. The same is true of nickel. Everyone says you can get all the nickel you want from the ocean. That has not been proven. The price will have to go considerably higher before it will be mined efficiently from the sea-bed, from salt water. If we stockpile nickel, it will only be against the day we sell it. That is also true of silver, zinc and other commodities. Everyone knows there is a world shortage of natural resources. We have used as much in the past ten years as in the history of the world. It will be the same story in the next ten years. Use of these raw materials is rapidly escalating.

We have not paid enough attention to what will be the result of unemployment. Possibly we will have a war. By killing off all the young people and throwing away our inventory of resources, the problem will be solved. However, a certain number of people in Canada, and I hope it is a larger number than the government seems to think, believe we can solve this problem without much difficulty. In trying to solve our problems we should look to other countries, such as Japan. On many occasions I listened to the former minister of industry, trade and commerce, Hon. Jean-Luc Pépin. For a long time he tried to interest the government in setting up a government trading agency to gather together Canadian production and sell it in an organized fashion. Rather than being sold for money, it could have been sold for goods and services from other countries under a similar type of arrangement.

I do not know what type of blackmail the government used on Mr. Pepin. He left this place by the same process by which most of us leave. In my opinion, he was well on his way to becoming a multimillionaire. He was starting to put into effect ideas which he had been recommending to the government. I am not sure how they ever got him into the two silly positions he has since occupied. He may have done more for Canada if he had established a trading industry which could have been extended nationally because we are not able to trade with other countries. This country is bankrupt. We are borrowing from banks to which we had always loaned money, so that our currency does not collapse. This is true throughout the world. We will not be able to sell for cash; we will have to sell on the basis of getting the most we can in return for what we sell.

There are other solutions. I was interested in one of them. Today, the Solicitor General (Mr. Fox) cried about being misquoted and somebody picking on him. He has very highly paid civil servants who advise him. I suggest that hon. members read Doug Fisher's column "Mandarins prosper under Trudeau". Ten years ago there were three people earning over $30,000 a year, and he named the three. In the last return, which was made over two years ago, there were 4,522 people earning in excess of $30,000. I am sure there are now well over 5,000 in that category. The original three jobs are now paying $50,000, $60,000 and $70,000 a year.

There is no hardship here. The only hardship here in Ottawa is whether you speak French or English. If you are bilingual, you are fortunate and can be hired. If you are unilingual, you will not be hired. This is a wealthy community because of the wages that are paid. According to advice we receive, the program is not working.

I mentioned the Solicitor General. Whoever gave him information previously, lied. He had to come to the House and correct that information two or three times. He should fire the head of the RCMP. In my opinion, if we fired the top three echelons in the civil service, everyone would get out and scratch. It seems to me there is not enough scratching. In Sudbury, people realize the difficulties we are in. They know

the difficulties because they are part of them. The mandarins in Ottawa are not part of anything except of rug-ranking arrangements—who has the biggest rug, the largest number of secretaries, and so on.

● (1452)

I listened to the Prime Minister (Mr. Trudeau) telling us we have to quit living so high off the hog. If he believes that, I will expect to see the automatic retirement of the three top levels of the civil service. It does not mean that the Minister of Agriculture (Mr. Whelan) must have the social equivalent of any other minister when he goes to a cocktail party. That is not important. He got on very well before with one deputy minister, Mr. Williams. You could ask that deputy minister anything and there was nothing he did not know. Now he is to be replaced by—how many people? Is it 25? I its 30? They are all getting roughly in the range of what Mr. Williams was getting.

Unemployment is a disaster for the government, for the individual and for the community. It is particularly disastrous for the mining industry and the forest-oriented industries where every decline in the market is immediately reflected at every level in the community concerned. The community lives or dies on the strength of the market for the products produced in the area. It is absolutely essential that if it is really interested in the future of these communities, the government diversify their economy.

I was shocked to hear the Minister of Energy, Mines and Resources (Mr. Gillespie) say today that the commodity which was being used in the Sherritt Gordon Mines could not be produced in Canada and that it was, therefore, all right to bring it in. In the end, what are we interested in? We are interested in ingots of nickel, and it seems to me that these can be produced here, with any additive which is necessary. The government will not be able to collect taxes from unemployed people. It does not seem to me that the government is much interested in taking an initiative by way of innovative steps designed to get people back to work, particularly in the resource-based industries.

[*Translation*]

Mr. Jacques Guilbault (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I am pleased to rise and say a few words in the debate on the Address in reply to the Speech from the Throne, given the fact that the opening of the session this year was most interesting and followed by all Canadians as it was done by Her Majesty Queen Elizabeth.

Like many of my colleagues, I would like to congratulate the movers of the Address in reply and emphasize again the excellency of the speeches made by these two members, the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood). It is hard to believe that the hon. member for Malpeque, a young member who has joined us following a by-election, has been elected as a member of the Liberal party which I also represent. The constituents of the riding of Malpeque, as you know, traditionally used to choose Conservative members as their representatives in Ottawa but when you see what ability the new member for Malpeque has shown in delivering his speech to this House, it is easy to understand why his constituents have made such a choice.

I want to take this opportunity to say a few words about the television and broadcasting of our debates. I am very pleased to see that we have finally begun recording our proceedings on tape, which will provide a kind of electronic *Hansard* which can be used by generations to come. Since we are able to produce those programs, I really wish we would take as soon as possible some steps to broadcast in a more comprehensive way those programs which are recorded here in this House and make them available to all Canadians.

In Canada, we are lucky enough to have a very extensive communication network, high quality facilities such as our communication satellite which is flying over us and which would enable us to broadcast our proceedings in every Canadian household. Several methods including the use of cablevision are available to us.

We know that more than half of Canadians now have cablevision which would provide an easy and cheap way of bringing the debates of the House of the Commons into the homes of the taxpayers. I would like to take a few minutes to talk about the rather sharp attacks that were made on the government by the opposition during the debate on the address in reply and more particularly on two points. The opposition savagely attacked the government on the economic situation and also blamed it for its way of dealing with the problems of national unity.

First of all on the economic aspect, I find that a bit too often the opposition tries to build political capital on the economic situation. We all know it and the opposition is fully aware of the world economic situation. Opposition parties made up of members with an intelligence that is at least average, I hope, are in a position to understand fully and know that Canada is still one of the countries doing the best among all industrialized countries of the world in face of the international economic difficulties.

A recent report released by the OECD indicated that Canada still ranks second or third, depending on the sector that was being considered, with the best economic performance.

Obviously, the rate of unemployment has gone up in Canada. However it is certainly not by taking refuge behind irresponsibility and blaming the government for everything that opposition parties in this House will help us solve the problems we face. I, for one, say that the government has always refused to take the easy way out. On the contrary, for years we have been telling people that what we need in this country is more efficient work by everyone, that every citizen must do his share and increase his productivity.

We say and repeat that Canadians, and a great number of them, are living beyond their means and this is causing difficulties in the economy. It is not easy for a government to

tell the people such naked truths, and yet we have done just that on several occasions. Not only do we talk, we also act.

We know—and the Minister of Finance said so during the debate on the Speech from the Throne—that over one billion dollars will be spent this year on projects aimed at reducing unemployment in Canada. In particular $450 million will be allocated to direct job creation programs, and almost $590 million on manpower retraining and mobility programs to help jobless workers solve their personal unemployment problems.

Moreover, the Minister of Finance has announced that an additional $150 million will be spent on labour intensive projects in those areas in Canada where the unemployment rate is the highest. As I said earlier, we are acting and we are not afraid to face any problem no matter what.

I would like to raise another point which I think is worthy of mention. During this debate, we have been blamed for our attitude to national unity. Several hon. members stated over and over again that this federal government would become the champion of centralization and near dictatorship. I think this is a lot of hogwash. On the contrary, we are now in a situation where government expenses are more decentralized than ever before.

As we all know, the constitution has never been amended in great depth So that the areas of provincial and federal jurisdictions have not been clearly set out over the years. But in one respect those areas of jurisdiction have been changed insofar as there has been a decentralization of the power to spend money. I would just like to read from the speech Senator Lamontagne delivered at a meeting held at the University of Montreal on April 6 last, and I quote:

> In 1870, direct federal expenditures for goods and services amounted to 52 per cent of total government expenditures—

—in Canada. That is of federal, provincial and municipal governments.

> —in 1926, this figure was only 26 per cent. In 1950, it went back to 48 per cent and went down again to 25 per cent in 1975. We have therefore returned to practically the same situation as in 1926, which was the period of highest decentralization in Canada.

● (1502)

I am still quoting Senator Lamontagne:

> However, in 1926, federal government subsidies to provinces and municipalities represented only around 3 per cent of their total expenditures. This proportion rose to 5 per cent in 1950 and to near 30 per cent in 1975. This trend has strengthened the movement of decentralization.

It can easily be understood from those figures that the federal government, we know, is increasingly yielding funds and spending powers to the provinces. I repeat, today's federal government spends only 25 per cent of all expenditures in Canada by the various governments put together. This tendency is becoming more marked.

Regarding the national unity issue, I would particularly like to answer a bitter attack made by the member for Kingston and the Islands (Miss MacDonald) against the government in which she tried to ridicule, in an untimely manner in my opinion, the suggestion of a national referendum made by the head of this government. *Hansard* for October 25, page 245, reports the hon. member for Kingston and the Islands as saying, and I quote:

> It would appear that the government may hold a referendun on national unity, and I stress the word "may" because, true to form, the Prime Minister declines to give any details of his proposed referendum. He equivocates. The referendum may or may not be held; it may or may not be held nationally; it may or may not be held only in Quebec.

And I now skip some parts of her address to arrive at a point when she mentioned:

> One has to ask oneself if this referendum-cum-plebiscite, or plebiscite-cum-referendum, is no more than a diversionary tactic designed to take the attention of the people of this country away from the government's inept handling of economic problems.

What I would like to have heard from the opposition regarding this projet of a referendum is what they really think about it. No, sir, once again they will be very careful not to tell us where they stand. However, it seems to me that it is by now clear that the government of Canada and Parliament should have at their disposal an instrument which would enable us to consult Canadians on an issue as important as national unity if the need arose. Otherwise, we leave it to the Parti Québécois to decide on everything, and to hold its own referendum, which means we are waiving our right to do the same and ask Canadians for their opinions on this matter. Certainly Canadians, especially in English speaking provinces would be quite anxious to express their views when the Parti Québécois offers them not only sovereignty out also economic association. I think hon. members will all agree that if they want an economic association with the rest of Canada, they had better consult them beforehand. So I sincerely hope that instead of sneering at such a serious proposal as this members of the opposition parties will support this measure when it comes up for discussion in this House, as it may give this Parliament an essential bargaining power.

What basically irks the opposition parties most is that they cannot make up a responsible team behind a responsible leader. There are frequent feuds in that party. Our cabinet is proud to have within its ranks the Minister of Industry, Trade and Commerce (Mr. Horner), a highly competent member who left his party and joined us as he felt he would have a better opportunity to serve the Canadian people more efficiently.

Reference should also be made to the arrival of the hon. member for Hochelaga (Mr. Lavoie) who left the other side for obvious reasons and joined the Liberals. It is also interesting, as an example of the disagreements among hon. members on the other side, to mention the trouble the hon. member for Palliser (Mr. Schumacher) has been experiencing after being defeated in what appears to be a manipulated convention of his party. We should soon know more about this, because I am told the hon. member wants to expound his views and present his case at the forthcoming Progressive Conservative convention in the province of Quebec. It will be interesting to see the development of that matter which is nothing short of mysterious.

On the other hand, I submit that Canada is lucky to have a vigorous leader and strong leadership. The Prime Minister (Mr. Trudeau) is one of our most respected leaders by the international community. The unfortunate thing is that no man is a prophet in his own country and when he returns here all kinds of charges are made against him.

Allow me now to deal with a more interesting matter, the development of the central area of Montreal. I would like to say first that the federal government should increasingly intervene in development and rationalization, especially in the development of the Montreal central area. Why do I say that the federal government should intervene when we know quite well that the development of a city comes under the jurisdiction of the city council and the provincial government which created the municipality? Because when we consider the situation, we easily realize that between 15 and 20 per cent of the urban land in the central area of Montreal belongs to or is under the control of the federal government.

It is therefore impossible to consider the restoration of the urban fabric of Montreal without recognizing the part the federal government must inevitably play in the process. In addition, it is as striking as it is regrettable, when one looks at a map of the downtown area of Montreal, to notice that about 40 per cent of the area is now vacant because the buildings which were there have been demolished or that space is being used as parking lots. I hope that there will be as soon as possible greater intervention by the federal government through its Urban Affairs department, in an effort to remedy that absolutely inconceivable situation where almost half the space in downtown Montreal is standing bare in an area where there is such an urgent and increasing need for housing.

To my mind, one of the things the federal government should watch closely is to limit the commercial zone to the core of Montreal. I feel that highrise buildings, in that part of Montreal, should not extend beyond the quadrilateral bound on the east side by St. Laurent and on the west side by Peel. That district is already studded with skyscrapers surrounded by numerous vacant lots. I am pleased to see more skyscrapers go up in that area, but I would regret it if the business district in the financial centre of Montreal were to extend way beyond that area and if apartment buildings which though old, could be restored, continued to be demolished. In short, why demolish when funds are available, to both promoters and owners in downtown Montreal, for the renovation of those units?

If I were asked what are my priorities, my main objectives for the development of the core of Montreal, I would summarize them in indicating the three following objectives which to my mind are pressing: First the Ville-Marie expressway which extends for almost one quarter of a mile, going downhill, in the vicinity of Vitre street has created a gap which must be filled and that incredible wound must be healed. That gaping void constitutes an almost impassable barrier between the residential part of Montreal and historic Old Montreal; that should be patched up without delay.

On the other hand, it seems essential to me that we continue to reinforce the cultural, economic and historical axis which is being developed, starting at Place des Arts, descending toward Place d'Armes. Those who know downtown Montreal are aware that south of Place des Arts is Place du Complexe Desjardins; further south, the federal government has undertaken to erect a number of buildings—Place Guy Favreau—scheduled to begin this fall and further south again is our famous sear, the Ville-Marie highway; right next to it is Old Montreal. Therefore it is essential that this axis be reinforced. In a minute I shall outline the various projects that would enable us to complete this axis which is extremely important for the development of downtown Montreal.

The other important and urgent objective is the vista on the river. We all know that the federal government owns the harbour facilities. As such, it can easily decide to move some harbour activities to Montreal's east end and tear down some grain elevators and thus open a vista on the river which would give Montrealers a very nice view. Those are projects, Mr. Speaker, which I will make every effort to "plug" in the coming months.

I would like to go back to the Place des Arts-Place d'Armes axis I mentioned earlier and it seems to me that in addition to the Guy Favreau Complex which will soon be built there and which will contribute to give back to downtown Montreal its residential look, the key to the development of that Montreal district will be the construction of the Convention Centre. And that Centre could not in my view be in a better location than just above the Ville-Marie expressway, in the very Place des Arts-Place d'Armes axis I referred to earlier. That would enable conventioners and tourists to have a ready access to Old Montreal and also to the federal government services nearby in the Guy Favreau Complex.

Since my time is almost up, I would simply like to add that the ideas I put forward can be translated into reality. The subject has been discussed for several years, but if I put these ideas to the House, even though they are of rather local interest, it is because I think it is urgent that we act now. And I urge my fellow Montrealers not to worry because even though I am suggesting to the federal government that they become more involved in the development of Montreal, I am not suggesting that they do so unilaterally without consulting the municipal authorities. On the contrary, the recently announced Place Guy Favreau is one of the finest examples of the consultation process which will result in a project satisfactory to all parties, and that is the light in which I see federal participation in downtown Montreal.

● (1512)

[*English*]

Mr. Bruce Halliday (Oxford): Mr. Speaker, I should like to join with my colleagues in congratulating the mover, the hon. member for Louis-Hébert (Mr. Dawson), and the seconder, the hon. member for Malpeque (Mr. Wood) of the Address in Reply to the Speech from the Throne. Both hon. members did an admirable job in a difficult situation. Their situations were all the more difficult because they were attempting to speak

following the presentation of the Speech from the Throne, such as it was, with virtually nothing but tripe in it.

At the same time I recognize the gracious manner in which Her Majesty read the Speech from the Throne, because it must have been equally difficult for her to read that kind of speech, and if the news media are correct, Her Majesty was inconvenienced for some reason beyond my knowledge and had to wear glasses, which she does not normally do. It is typical for this government to make matters awkward and difficult for people whenever it can.

Mr. Stanfield: It is difficult to believe.

Mr. Halliday: In reviewing and commenting upon the Speech from the Throne, there are a number of things one could discuss. There are items related to the economy, unemployment, inflation, national unity, and the language issue. Hon. members from both sides of the House have dealt very adequately with those subjects; therefore it is not my intention to do so. However, I should like to make one comment with respect to the Speech from the Throne.

I have read the Speech from the Throne a number of times and, as I did so, it became obvious to me that approximately 75 per cent of that speech dealt with the problems of our country with which we are familiar. As well, it dealt with methods the government tried, over the last year or two, in an attempt to correct those problems. For some strange reason, it could only find enough to talk about by way of a remedy for this situation to occupy approximately 25 per cent of the Speech from the Throne.

Traditionally the Speech from the Throne deals with the government's plans for bettering our economy and our national situation. In this instance the government completely failed to do that. The speech contained nothing innovative, and there was nothing new in order to confront our present national problems. Therefore the Speech from the Throne is more notable for what it did not contain, rather than for what it contained.

One particular item it did not contain was a reference to the matters of fitness and amateur sport. Why was there no reference to the matters of fitness and amateur sport in the Speech from the Throne? Is this an insignificant problem in Canada? If that was the case, there would be no minister in charge of that particular portfolio. Perhaps the Prime Minister (Mr. Trudeau) and his advisers felt the affairs of that minister and that department were not significant and did not merit any reference in the Speech from the Throne. That could be one answer to the question. Another answer—I really doubt if this is the correct one—could be that the minister has no clout in the cabinet. When one observes her inside and outside the House, there is no doubt that she is enthusiastic about her portfolio. I am wondering if she has no clout in the cabinet, just as the Minister of Agriculture (Mr. Whelan) has no clout. That is something of which the people of my constituency are aware.

As the debate on the Speech from the Throne progressed, I was surprised the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) rose to speak in it. Being a member of this House, she was entitled to speak on any topic at all in this type of debate. I wondered why she spoke as the minister and devoted approximately 60 per cent of her speech to her own portfolio and the problems associated with it. I should like to compliment her on her speech. She is a very good orator in her own right and presents her case very well, albeit there were some discrepancies, non sequiturs and flip-flops in her arguments. As a new minister, being only three years in this House, she is probably suffering from some of that contagion which she caught from the Liberals in this government. The contagion I am referring to predisposes them to develop and offer these non sequiturs, flip-flops and so on, which are so characteristic of the present government.

What did the minister have to say in her address? I should preface my remarks by saying that prior to her speaking in this debate she tabled in the House a green paper entitled: "Toward a National Policy on National Sport—A Working Document". To a great extent her speech was an elaboration of her comments contained in this working paper. I should like to refer to the first sentence of her speech, as reported at page 177 of *Hansard* dated October 24, 1977, which reads as follows:

> Mr. Speaker, it is not seven years since the last public statement on sport.

I hope the minister was not bragging when she said that. To begin her speech by saying no one in the government has seen fit to make a significant statement on amateur sport in the last three years is a rather reprehensible thing to say about your own government.

In her second sentence she indicated that the green discussion paper had been tabled. She said that it was presented "toward a new national policy on amateur sport". If I asked any Canadian what the present national policy is, I am sure he or she would draw a blank. Somehow she suggested that this was a new policy; but it may well lead to the first government policy of any significance.

● (1522)

One then has to look at some of the comments she made with reference to fitness and amateur sports. She began by saying that there were certain priorities that had to be considered. First she spoke about the spending of the government with regard to health care, and she made much of the fact that in Canada now we are spending roughly $7 billion a year on health care. Then she said that about 40 per cent of all that money being spent on those aspects of health care related to lifestyle diseases, and she went on to name them:

> . . . such as smoking, use of liquor, the licit and illicit use of drugs, nutritional imbalance and physical exercise that is abandoned, to name only a few.

First of all I want to look at it from different perspectives, the more broad perspective of the total government, and the perspective of the minister, how she perceives the components of her department, namely, fitness on one side and amateur sport on the other, relate to one another in terms of priority. First let us look at it from the perspective of the total government's view of sport and physical fitness. Obviously the

throne speech gives a clue to the government's priorities in this field. The throne speech, not having mentioned the subject once, indicates how much interest the government truly has in fitness and amateur sport.

Then let us look at the budget which the government allows because, after all, the minister is not able to determine what our over-all budget will be for fitness and amateur sport. If we look at the current fiscal year 1977-78, we find that the budget for fitness and amateur sport comes very close to $27 million. That sounds like quite a bit to most of us, but when you put it in the context of a budget for health care of about $7 billion in the total budget of the country of over $40 billion, it looks to be rather small. Perhaps we might analyse how small it really is.

The concept of fitness and amateur sport first became a valid concept in Canada back in 1961 when the Fitness and Amateur Sport Act was passed. At that time embodied in the act was the statement that the government would be allowed to spend up to $5 million a year on anything to do with promotion and assistance of fitness and amateur sport. Let us look at what the gross national product was at the time. In 1961 the gross national product was $39 billion. Now in 1977 it is about $190 billion, almost $200 billion. So we see that the GNP has gone up five-fold. The expenditure on physical fitness and amateur sport this year was $27 million, just a little bit more than five times what was allowable in 1961.

The minister told us the other day in the House that we will be spending about $30 million or $31 million this coming year on fitness and amateur sport, and she may well be right. Let us assume that we spend, say, $31 million on fitness and amateur sport. If one works that out over a 17 year period from 1961 when the act was passed, to give you an idea of how much concern the government has for fitness and amateur sport, the real increase in dollar terms comes to about 1.5 cents to 2 cents per Canadian per year. So if the government chose to increase its contribution to fitness and amateur sport on a yearly basis, taking inflation into account, the actual increase in dollar value is 1.5 cents per person, per year, since 1961. That gives you an idea of the priority which the government gives to fitness and amateur sport.

If we assume the minister is spending this year $27 million on fitness and amateur sport and we assume that $10 million of that will go for fitness out of the $27 million—after all, fitness is pretty basic to sports and one has to look at that priority too—which priority comes first, fitness or amateur sport? Let us assume fitness is worth $10 million a year. This means that for every dollar the minister spends on fitness, the government spends $700 on health care. What does that tell us about the concern of the government for fitness? Or let us take the total expenditure on fitness and amateur sport of $27 million to $30 million. If you multiply it by three you find that they spend $3 on fitness and about $700 on total health care. That shows you the value which the government places on fitness and amateur sport.

What about the minister's priorities within her own department? I asked her a question this morning in the House, having looked at the act which sets up her department. Section 13 of the act states that the minister shall, within three months of the end of the current fiscal year, present to parliament an annual report on the expenditures, activities and commitments of her department. To the best of my knowledge there has been no such report as yet. It should have been received by parliament at the end of June this year. We are almost at the end of October and we have not yet seen that report.

The irony of the whole thing is: where are the priorities? It seems to me that here we have the minister presenting to us this green paper, which is great, because we like to know what the government's plans are for the future, but surely she has an obligation to present to us what has transpired in the last year, and this she has completely failed to do.

Let us go on now to the objectives of the minister's department. It is always interesting to take a look at the estimates in the great Blue Book we get each year. If you look up the estimates under the Department of National Health and Welfare for the program on fitness and amateur sport, we see written out in plain print the objective of her department, which is to raise the fitness level of Canadians and to improve their participation in physical recreation and amateur sport. That is subdivided into sub-objectives, which are, to increase appreciation for and understanding of fitness, physical recreation and amateur sport—note the order—to improve the Canadian delivery systems of fitness, physical recreation and amateur sport.

There is no doubt in my mind that if you read the official objectives of her department, the emphasis is laid on fitness. I submit that the priorities of the minister do not seem to show that. She has come before us with a working document, a green paper, on sport only, with a very passing reference to fitness. I do not think it takes somebody with much more than elementary education to realize that if you are going to be any good in a sports program, you have to have some fitness. The minister herself has admitted to us in her speech made earlier this week that the big problem with the health of Canadians is that we spend 40 per cent of our dollars on lifestyles that do not lead to fitness. Obviously, in order to get excellence in sport we will have to do something to improve the general fitness of the nation. What can we do?

● (1532)

Over the last two years the minister's first priority has been to produce a working document on sport. The minister told us in a passing reference earlier this week that we are going to get something on fitness later on. But what are the minister's priorities? They seem to be all mixed up.

The minister said in her speech the other day, "The commitment of this government to sport access is complete". I take that to mean that the minister wants all Canadians to have access to sport. Indeed, the minister says that somewhere in the green paper. We cannot fault her for that. It is an admirable desire on her part. However, it is interesting to see the stress laid on anything but availability of sport to the average Canadian in the green paper.

The Ottawa *Journal* of Tuesday, October 25, summarizes the green paper well. Some of the words in the Ottawa *Journal* article which I have in my hand were taken right from the minister's green paper, so I am not exaggerating or trying to misrepresent what the minister says in her green paper. Here are some of the proposals in the green paper, according to this article in the Ottawa *Journal*:

—A national coaching apprenticeship program to develop world class coaches in Canada.

—More assistance to increase the number of world-class officials and referees.

—A talent identification program to give the basis for identifying promising young athletes.

No reference is made to ordinary athletes or young athletes, just promising young athletes. Those are the athletes who are going to be helped.

—A club assistance program to help sports clubs "willing to and capable of producing top athletes for our national and international teams."

Look where the emphasis is.

The paper also says that if universities are willing "to commit themselves to excellence in their sports programs, co-ordinating them with those of the community, and expand training and competitive opportunities," the government will subsidize . . .

I wonder if the minister took the trouble to check with the universities of Canada to see whether in fact they really believe that the prime responsibility, or even a major responsibility, of a university is to develop excellence in sport. That traditionally is not the history of universities, and I predict that the minister is going to get a lot of flack if she tries to sell to the reputable and high class universities of this country the idea that they should become involved and commit themselves to excellence in their sport programs.

The minister goes on to say, and this is another quotation from the green paper:

"We want universities to take over the development of the high-performance athlete," . . .

We can see where the minister is putting the stress. The stress is on high performance athletes, national teams, international teams, world class coaches, world class referees and so on. This is deplorable.

I see that my time is running short. I want to refer to some of the minister's comments regarding sport policy. After an introduction by the hon. member for—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but I notice that his allotted time has expired. Nevertheless, he may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: No.

[*Translation*]

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, first I would like to say to the House how pleased I am to take part in the debate on the Address in Reply to the Speech from the Throne. I would like the people of Hochelaga, a constituency which I represent, to share this pleasure with me, all the more so since it will be remembered that on June 14 last I had the courage to take a difficult step in the interests of my fellow-citizens, my Quebec constituency and all Canadians. I crossed the floor of the House, because the people of Hochelaga elected me in the first place to represent them and to work, not to remain in a party where disorder comes before the interests of Canadians.

Since then, considering the needs of my riding and of all Canadians and through my sincere contribution to the Liberal party caucus, I proposed some ideas which are today part of the Speech from the Throne, of the government's objectives and the policy it intends to adopt during the present session.

Mr. Speaker, I must thank all my colleagues and the right hon. Prime Minister of Canada for accepting me in that great team of the Liberal Party of Canada. I am pleased to work at their side because I soon came to realize that their first preoccupation, like mine, is to serve all Canadians without exception. After two years here in this House as the representative of the Hochelaga riding, I wish to thank also all my colleagues who gave me the help and support that I needed, including some colleagues of my former party and I wish to mention the hon. member for Joliette (Mr. La Salle) and particularly the hon. member for Saint-Hyacinthe (Mr. Wagner) who is presently convalescent, and I wish to take that opportunity, and I hope that my colleagues will join me, to wish him a fast recovery.

Mr. Speaker, I also wish to congratulate the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood) for their excellent job. And I wish to congratulate them especially as the hon. member for Winnipeg South Centre (Mr. McKenzie) declared in his speech yesterday and I quote, and it is important, Mr. Speaker:

Unfortunately, I cannot offer congratulations to the two members who moved the Address in Reply to the Speech from the Throne, as that would be hypocritical of me.

At least he is sincere about that.

I cannot congratulate anybody who is supporting and congratulating this government with its record. I look at these two members with disdain. It amazes me that they could get on their feet to support and praise this government.

Mr. Speaker, I congratulate them and I know other members from all sides have congratulated the hon. member for Louis-Hébert and the hon. member for Malpeque. Are those two members contemptuous? Has any member of parliament the right to scorn or to hold another member in contempt? It seems to me, Mr. Speaker, that the hon. member for Winnipeg South Centre should eventually withdraw at least his contemptuous remarks. I think it is unacceptable in our institution; it is democratic. Each of us has the right to give his views but to be contemptuous of one of his colleagues, Mr. Speaker, that is too much! If he holds one of his colleagues in contempt, he feels the same for himself and the public, which is pitiful.

Mr. Speaker, you will understand why I have crossed the floor of this House. I had said before that should the government take positive steps, should they introduce very positive measures for the benefit of all Canadians, I should do it, which I did, and rightly so. You will recall, for instance, that I asked the government, that if they wanted to remove price and

income controls, they should do it gradually, but that they should be wise enough, however, to establish a monitoring body so that the situation does not get worse than before. This step had been proposed by the government well before the Speech from the Throne and unfortunately, some union representatives have rejected it because they wanted controls to be removed once and for all. Who will be the first to pay the cost? The Canadian taxpayers, as usual. I suggest the government's intent to remove those controls gradually in the next session and to establish a monitoring body is a very commendable one. And I hope that the opposition which also advocated decontrol will cooperate with the government to that effect. There are also other measures for which I am glad I have crossed the floor. I had also requested that the Montreal area become a designated area with the Department of Regional Economic Expansion in order to assist small businesses. This was done.

● (1542)

Mr. Speaker, I would like to quote an excerpt from the Speech from the Throne which will enable me to elaborate on my comments. I quote:

> The government has recently made new funding proposals to the provinces which will improve the efficiency and flexibility of social services such as the rehabilitation of disabled persons, day care and community development services. The delivery of these services will thereby better reflect varying conditions and priorities across the country. It is hoped that the response of provincial governments will lead to the introduction of a revised social services act during this session.

In the present situation, we should really try to solve our problems. Let us consider for instance, the case of older citizens. Certainly they do not receive a very high pension and if they had a little more money, it seems to me that they would have a better chance to make both ends meet. Welfare recipients do not have enough money either, even if the federal government pays 50 per cent of welfare payments.

The problem does not necessarily derive from the fact that the amounts are not adequate. It is rather a problem of housing, Mr. Speaker. Why? Because in their present home, everything is more expensive: hydro, gas, fuel oil. An old age pensioner lives in a slum and has to pay for some drugs which are not included in the free drugs program and if that person has to pay more for the energy he or she consumes because of the lack of insulation and because the cold air comes in through all the windows, he or she is very unhappy.

Mr. Speaker, these persons are in a difficult situation and this is why I am saying that the government expects to be able within a year or two to help them and I am one of those who will work hard for the establishment of a guaranteed minimum annual income, which will at the same time eliminate a good many of these problems. That is where we are, Mr. Speaker, and we have no other choice. This is why as members of this House we must keep on working to improve the living conditions of Canadians, be they young or old, rich or poor.

Another point which I would like to raise, Mr. Speaker, concerns young people. Today when young people graduate from CEGEPS or universities—and God knows how numerous they are, a fact that not I alone have noticed, for my colleagues must have too—they want to work, they are ready to take courses and eventually get themselves recycled, they do not want to be unemployed as some people seem to believe. People ask: what do young people want today? Perhaps to stay idle and draw social assistance or unemployment benefits?

Mr. Speaker, maybe there are some who think that way, but I believe they are a minority. We know that these young people are the future of our nation, that they will form tomorrow's citizenry and that we must give them the education they need. I will also take the opportunity of the presence in this House of the Minister of Employment and Immigration (Mr. Cullen) to tell him that it will be necessary to create more training courses for the young who are unemployed in order to give them a fighting chance on the job market. We will also have to provide them with jobs.

There are several ways of creating jobs in this country, Mr. Speaker. If the provinces are willing to go along with the federal government, it may be possible to create more manufacturing or processing plants in Canada, which will result not only in new jobs being created but also in cost reductions. For example, we import steel from the United States and it costs us very dearly while we could have it processed in Canada. So why not do it at home? Mr. Speaker, these are questions which I am asking myself. I know from reading the Speech from the Throne that the government has indicated really good intentions in all these fields. I am convinced that if all hon. members were willing to work together hand in hand, and put before all else the interests of Canadians as a whole instead of spending their time playing politics, we would get somewhere.

I would like to make another point. For years, and long before being elected to this House and also when I was sitting in the opposition, frequently sending memoirs to the government on the subject, I was promoting the establishement of the office of ombudsman. I feel it is high time for this country to have its ombudsman. How many people have to face big government machinery? I am thinking about unemployment insurance and immigration. Too many small bureaucrats have too much discretionary power while ministerial staff have their hands tied. Let us imagine a situation where a junior civil servant takes it upon his lonesome self to send back home someone for some ridiculous motives. He simply does it. I realize there are procedures. There are appeals, but very often, Mr. Speaker, the civil servant's decision prevails. I am wondering how many people win their case in such appeals.

I am convinced that an ombudsman would not only be a useful tool, as the protector of ordinary citizens and taxpayers, but that he would also be of service, at least I hope so, to civil servants who are very often kept in the dark through no fault of theirs. This is why civil servants should also be entitled to the services of this ombudsman.

Mr. Speaker, I would have many other things to say about this, but since my time is limited, I shall go on to other issues. One thing that I wish is that Parliament can soon do more to prevent delinquency among young people. Having been a member of the sub-committee on penitentiaries and having seen all sorts of things, I believe that the time has come to do

something else than building prisons. Of course, we have no choice in this matter at the present time, but, in the near future, we should also invest in our young people to prevent delinquency. On the long term, we could avoid having today's young people turn into the prisoners and the inmates of a strange type of university tomorrow and turn them instead into responsible adults, which would be cheaper for the people, more productive and more advantageous for the taxpayer.

In my riding, through the Canada Works Program, for which, by the way, I would like to thank the Minister of Employment and Immigration (Mr. Cullen) for the sum of $819,000 granted to my constituency which has been used to create 21 projects and I do not know how many jobs as I did not take the time to count them, we have succeeded in developing two projects for the prevention of delinquency among young people. I hope that following these two pilot projects developed under Canada Works, the Solicitor General of Canada (Mr. Fox) will be able to do more to develop additional projects of this type which would benefit our young people.

Mr. Speaker, I want to raise another point. I will try to be brief because the other one that I want to mention is also very important. I am very pleased with the television broadcasting of the debates of the House of Commons. However, I deplore the fact that I cannot be recognized by the Chair more often. When I was sitting on the other side of the House, I was recognized at least once a week. Since the debates have started to be broadcast, and even before, there were always four or five members on this side of the House to be recognized.

Mr. Speaker, I am very glad that our proceedings are televised and that the people may watch what is going on in the House, but they should not see the opposition members only. In my opinion, any member, whether in opposition or in government, has the same rights and privileges, and I think that someone in the House will eventually have to correct that situation, because it is inconceivable, otherwise democracy will suffer in Parliament. Every member has been democratically elected by the people to Parliament, so everyone has the right to speak. Not all at the same time, of course.

I realize the Chair does not have an easy task, but at any rate it is important to reach an agreement at some time in order that my colleagues as well as I, who have questions of public interest to discuss, may raise them in the House. Before television came to the House, we used to put questions. Otherwise, opposition members will likely lie shamelessly to Quebecers and tell them: You know, in Ottawa, there are 60 Liberal members and they never rise or speak up. That is what they will say as they always have, but now that I am on this side, I understand the situation. And I understand it so well, Mr. Speaker, that I feel that this electronic medium is too powerful to be used improperly. It must be used to inform people and to give every member an opportunity to be heard.

[Mr. Lavoie.]

• (1552)

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. It is with reluctance that I intervene to ask the hon. member that if he has any remarks or propositions to make to the Speaker, with all due respect to the Speaker, perhaps he should do it privately with the Speaker.

[*Translation*]

Mr. Lavoie: Thank you, Mr. Speaker. Finally, I want to talk about national unity. I will be brief because I know my colleagues have already covered that subject. But there is one important thing concerning national unity that I want to talk about.

I want to blame the government of Quebec for depriving Quebecers of amounts of money that will be provided by the federal government, and let me explain. I will talk of the Canada Assistance Plan and old people. I have a file here. I am not telling you lies. An elderly person whose home burned down—which comes under provincial jurisdiction—is not entitled to assistance because there is a word in the act called "assistance". I want to give you another example: in the area of housing, section 44 (1)(b) of the National Housing Act allows the provinces to sign agreements with the profit corporations and cooperatives. The government of Quebec does not sign agreements. It is already independent now.

Mr. Speaker, it is unthinkable that a government should deprive Quebecers of amounts of money belonging and available to them. I find that unthinkable and that is why I blame the government of Quebec for that. I think I do not have much time left, Mr. Speaker, so I will conclude by saying quite simply that this country was built by our forefathers and we are here to replace them and hand it down to our children. I think that we do not have the right to let it be divided, and I am one of those, Mr. Speaker, who will fight right to the end to keep this country united, as my father stood in the battlefield for our country, Canada. Mr. Speaker, I will conclude on the following note. The Prime Minister said, and I agree with him: The time to make a choice and decide has come, we cannot afford the luxury of another decade of indecision.

[*English*]

Mr. J. R. Ellis (Hastings): Mr. Speaker, it is with great pleasure that I enter the throne speech debate. At the outset, I congratulate the mover and seconder of the Address in Reply to the Speech from the Throne. I may not agree with the policies or principles about which they spoke, but I admire the way they approached the subject.

I congratulate both members on their first speeches in this House. I thought they were exceptionally well delivered. They deserve to be congratulated. I am not at all happy that a colleague of mine saw fit to do otherwise.

However, when the hon. member for Hochelaga (Mr. Lavoie) started to alibi his actions by blaming someone else, I found this very distasteful. As a matter of fact the hon.

member seemed to be alibiing his acceptance of the party opposite.

We had a revelation today by the Solicitor General (Mr. Fox) of more and more dishonest acts being condoned by the government. By alibiing himself, he accepts the fact that we have fantastically high unemployment in this country. We have an unemployment insurance program that is costing us ten times that of the United States.

I take a great deal of delight in speaking of the personal pleasure I had listening to Her Majesty deliver the Speech from the Throne. I, and I am sure a number of others, made a silent apology to Her Majesty for having to deliver the drivel that she did. As always, however, she was most gracious. It was a distinct pleasure for all in this House to have her here to lend her dignity to the opening of the House. We all enjoyed a few moments with her later.

There is a range of subjects covered in the Speech from the Throne. I will be either the last or second last speaker from this side in this debate. The range of subjects is very broad. One could spend a good deal of time on any one of them. My colleagues spent a good deal of time on these subjects.

For the first time we have had a budget speech thrown in with the throne speech. Whether the Minister of Finance (Mr. Chrétien) is prepared to call it a budget speech or not, that is what it was, complete with ways and means motions to back it up.

From time to time we on this side have been accused of preaching gloom and doom. I know of no member of the opposition who is preaching gloom and doom. There is a problem, and we have to tell it like it is. We have to tell Canadians the facts because they certainly are not getting them from the propaganda of the ministers of the Crown.

Canadians support governments with their hard-earned taxes. Canadians fought, suffered, and died in the wars. As we come closer to November 11, we remember them more fully than we sometimes do. Those who sacrificed for their country deserve to know the truth. Should only a select group of Canadians, chosen arbitrarily, have the kind of knowledge necessary to protect their future and that of their families? Actions of some of these are some of the things I want to comment on last in my portion of this Speech.

I draw Your Honour's attention, and this has been mentioned before, to the words of the Auditor General in 1975 when he said, and I quote:

> The present state of the financial management and control systems of departments and agencies of the Government of Canada is significantly below acceptable standards of quality and effectiveness.

In 1976 he said:

> I am deeply concerned that parliament—and indeed the government—has lost, or is close to losing, effective control of the public purse.

On the way by in one of his reports he said, and I quote:

> In the majority of the Crown corporations audited by the Auditor General, financial management and control is weak and ineffective. Moreover, co-ordination and guidance by central government agencies of financial management and control practices in these Crown corporations are virtually non-existent.

● (1602)

These two reports by the Auditor General contain page after page of evidence of this lack of management control. None of these decisions were made by members of this parliament. They were made, by and large, by a bureaucracy. My hon. friend from Battle River (Mr. Malone), my hon. friend from St. John's West (Mr. Crosbie) and others have drawn attention to the fact that the total budget when the Prime Minister (Mr. Trudeau) came to power amounted to something like $9 billion and that today the deficit alone is about $9 billion. My hon. friend from Edmonton-Strathcona (Mr. Roche) made a particularly telling contribution on the subject of foreign affairs, and my hon. friend from Ottawa-Carleton (Mrs. Pigott) made an excellent speech on behalf of disabled people. All these things are important, but the point I want to make is that we face a financial problem. It is not preaching doom and gloom to say we shall inevitably reach a point in time at which the taxpayers' ability to sustain the load of unlimited government largesse finally gives way. We are moving toward that point in time at breakneck speed. There is a danger of democracy smothering to death under a mountain of government debt, regulation, and red tape.

Once in a while I hear a voice raised in the House of Commons, other than from the opposition side, agreeing that there is a problem. He may not appreciate my drawing attention to it, but a colleague on the other side, the hon. member for Ottawa-West (Mr. Francis), frequently draws attention to some of the government's deficiencies though I suspect he is not heeded. Columnists make these points, too. One of them in an article I read recently says:

> Relationships which were simple are made complex. Rules which everyone could understand are multiplied into abstractions and interpretations and footnotes to sub-sub-paragraphs until they are incomprehensible to everybody.

He goes on to say:

> When the growth of a bureaucracy passes beyond control, it becomes a law unto itself. The process is self-fulfilling. The failure of each new intrusion compels it to intrude again. More people are hired, more programs devised to occupy them.

This particular columnist writes for the *Business Journal* and is preaching to the converted.

My leader made the point recently that when elected—I do not use the word "if"—he will implement what he has termed a sunset law to make Crown corporations justify their existence. I agree with that approach and I hope he will do the same with respect to projects in all departments. As a sitting member of parliament I experience a feeling of impotence from time to time in the face of some of these tremendous problems, but I know that through our efforts as a party these things can be changed. And, as my hon. friend from St. John's West said the other day in his eloquent speech, when we take over, they will be changed.

A few words, now, on the subject of the need for an ombudsman. The hon. member for Hochelaga took pains to tell us how necessary an ombudsman is. I say, not at all. There should be no need for an ombudsman. It may be that under the present government one is needed, but he should not be

needed. Many members of parliament, including myself, handle complaints which we receive from individuals in our constituencies who run into bureaucratic red tape. My staff and I handle multitudes of these cases. But we do not need an ombudsman. We need fewer programs, simpler programs. I go along with the venerable gentleman from Winnipeg North Centre (Mr. Knowles)—

Mr. Knowles (Winnipeg North Centre): Venerable?

Mr. Ellis: —in saying there is a need to help those in our society who are in need of help. But, if we do not learn soon to get off the backs of the private businessman, we shall find ourselves in terrible trouble.

I have spent time as a private businessman. I recall sitting down with a partner of mine some years ago and finding out how serious it was that he and I, who had contributed tremendous amounts to a company, had a third partner who took more of the profits than either one of us. If there was a profit, I got 25 per cent, my partner got 25 per cent, and the government got 50 per cent. However, in years when there was a loss, I was responsible for 50 per cent of it, my partner was responsible for 50 per cent, and our silent partner did not contribute one confounded cent.

Our lives are almost totally ruled by bureaucratic decisions and opinions, all too often arbitrary, capricious, and uninformed. The bureaucracy which dominates the federal government today has actually become a measure of man's ability to govern himself in a time of tremendous technological change and population growth. It is so massive that it feeds on itself, so intricate that it lends itself to a wide range of abuses, some criminal and deliberate, others unwitting and inept. I mention, for example, the reactor deal with Argentina and the loss of many millions of dollars; we were never able to get to the bottom of that, despite the gallant efforts of my hon. friend from Northumberland-Durham (Mr. Lawrence). Then there is the affair of the uranium cartel. Eventually we may get to the bottom of that—we are being stonewalled constantly but we may eventually unravel what happened there.

Let me give the House one example of the kind of problem we encounter. It is not a very big thing, but there are many in this House who like to use private aircraft from time to time. A few years ago, as a private pilot—I am not one now—I was obliged to install an electronic locator transmitter on my aircraft. I recall arguing the matter with the transport minister of the day, asking him how safe these devices were and whether safeguards had been built into them. But they were forced upon us, and every private aircraft owner had to install an ELT in his plane at a cost of some $200. It was the Department of National Defence which put pressure on the Department of Transport to make them compulsory. It was the Department of Communications which tested the ELTs and gave them a stamp of approval. It was the Department of Transport which provided legislation making the carrying of ELTs mandatory.

Owners had no choice but to obey the law. But now we find out that the ELT has not been performing as expected. Some of them are potentially hazardous, and a bulletin has been put out telling owners they must be very careful of them. Incidentally, one of them exploded with tremendous force, damaging an aircraft.

I want to spend a few minutes now sharing with the minister and my colleagues some reading I came across recently, showing where some of our hard-earned tax dollars have been spent. From time to time we hear complaints that too much time and money are being spent on studies and that too many experts are being hired to take part in these exercises.

The book to which I have referred lists a number of the studies which are in progress. I quote, first, for $1,920, an analysis of mixed office waste paper from government establishments in the Toronto area. Further down the page I find that for $6,990 another analysis has been done of waste paper from government establishments in the Toronto area. Shortly after that I find yet another study on waste paper recycling opportunities for government action. This is to cost the taxpayers $139,455.

● (1612)

Another one which I find quite amusing is described as an analysis of price elasticity of transportation fuels. Someone is spending $29,800 to tell us that the price of transportation fuels is going to go up. Then for $4,975 you can have research conducted into the psychological and motivational factors affecting new car purchase. I guess for that amount of money you cannot buy a new car any more so you might as well study the matter. For $3,000 you can have design and analysis of data collection techniques for ascertaining social impacts related to variability of fishing seasons. Any fisherman will tell you, Mr. Speaker, that you cannot catch a pickerel with ice on the lakes which is too thick, and you should not catch them at other times of the year. For $3,000 our government is looking into that matter.

The Minister of Transport (Mr. Lang) is going to spend $53,976 on a study to develop and assess the cost effectiveness of practical implementable counter measures for pedestrian and bicycle safety in a realistic urban environment. For $37,203 you can have a study and report on the inter-relationships between three elements of transit revenue collection, namely, fare policies, fare structure, and fare collection systems.

Here is one which is particularly delightful: for $57,396 there is to be a survey of preferred bus stop spacing. I suppose they would recommend that the bus stops should be 40 feet apart if the buses were 50 feet long.

There are pages of these projects, Mr. Speaker, and this shows the way some of our money is being spent.

The size of the federal bureaucracy keeps on increasing year after year despite the unfair and growing burden it places on the taxpayer. It compounds confusion for the average citizen. If it continues, not only will business choke to death on red tape, but individual wage earners and property owners will suffocate under this centralized power. We ride monopolized and government regulated city transit, commuter railroads,

taxis, airlines and buses. Raw materials are delivered and products shipped by regulated trucks, trains, ships and pipelines. We drink government regulated water. Our food is inspected and regulated, by government agencies which cannot agree. Some would ban cyclamates and saccharin because they might be harmful; others would legalize marijuana because it might not be.

Business knows that government decrees where it may build and how, whom it may hire and promote, how much it must pay, what standards its products must meet, how it can advertise, its selling price, and so on and so on. The businesses regulated include just about everything which humans do for a living. The big ones do what they must; they hire accountants, lawyers and paper work experts to do the job. The little guy puts up a fight but eventually goes out of business. For failure to comply with federal regulations, both risk fines and jail. In both cases it is the consumer who finally pays the bill.

In these few moments, Mr. Speaker, I have outlined only one of the concerns of the people from whom I hear. There are many more. Time does not permit me to refer to them, but my colleagues have well and truly elaborated on many of the other areas covered in the throne speech. The government seems to be totally insensitive and unwilling to listen or to change. Its time will come, Mr. Speaker, for I have complete faith that Canadians will not accept for much longer the type of governing that we have had, the kind of bureaucracy which has made their lives unbearable. I think that before much longer we will see a change.

Mr. Hugh Poulin (Ottawa Centre): Mr. Speaker, at the outset may I add my congratulations to those of so many others to the hon. member for Louis-Hébert (Mr. Dawson) and the hon. member for Malpeque (Mr. Wood). They have indeed done themselves, their constituencies, and their constituents great honour by the manner in which they conducted themselves at the outset of this debate.

May I add also a personal note in memory of the former member for the riding of Louis-Hébert who was elected at the same time as I in 1973. I think all who knew her or got to know her will always have a place in their hearts for Madam Morin, as one of the most distinguished and able people they ever met.

Some hon. Members: Hear, hear!

Mr. Poulin: I think her family is following along in the tradition that she so well established.

The Speech from the Throne delivered by Her Majesty just so very recently here in this building was delivered in a manner I will never forget. I was pleased to be here, as were the people in the community I have such an honour to represent. Most of the functions which Her Majesty attended were held in the core and heart of her capital here in Ottawa. Her Majesty was at a football game in addition to being here in parliament. First Avenue Public School is within my riding. She attended a regatta within my riding, where my wife Maureen and I were so pleased to be in attendance with her. Her graciousness, and her intelligence and interest in Canada, indicate to all of us that the Crown still forms a very important part indeed of the government process in Canada.

This debate on the Speech from the Throne gives me an opportunity to refer to my riding and to some of the problems we have. Ordinarily, of course, we are reluctant to stray from the issue which is before the House at any given time but are confined to dealing only with the items contained in a bill under discussion. In the past year we have had some serious and difficult problems within my community relating to the relocation of thousands of public servants from Ottawa across the river to Hull. There has also been the decentralization of other public servants from Ottawa to other places in Canada.

By way of introduction to these comments may I say that in the past year I have been the parliamentary secretary to the minister of industry, trade and commerce. In that capacity, and in my other capacity as a member of parliament, I have had an opportunity to visit seven or eight capitals of the world on parliamentary business fulfilling one or other of my functions. I have visited Tokyo, Paris, Stockholm, London, and Canberra during the course of my duties as a member of this parliament and as parliamentary secretary concerned with matters of trade. Not one of those capitals of the world has anything which we do not have here in the capital of Canada. We have in Ottawa a capital blessed by the confluence of three rivers, with a magnificent geographic pattern and with a great and wonderful future.

Being very bullish, therefore, with regard to our capital in the long run, may I now make some comments about my real concern about this community in the short run. If we who can all see the buildings on the skyline of Hull could put wheels under those buildings and roll them across the Portage bridge and put them in the centre of the city of Ottawa, I for one would not want them there. For there would be nobody living within the heart of the capital between Laurier Avenue and the Queensway. I believe our capital should be a vital place with people engaged in their daily activities, living and indeed working there.

Ottawa has had planning which took place in the late 1960's and early 1970's and I think it was valid planning. It was planning which saw that the centre of the city of Ottawa did not consist just of towers of glass, steel and concrete, for that is really not a place where people can live. Therefore the planning which has put buildings and public servants across the river and into Hull has been right and proper planning.

I emphasize that that planning was done in the late 1960's and early 1970's, at which time the economy of the nation was buoyant. It was also a time when the increase in the public service of this country amounted to 4, 5 or 6 per cent per annum. This was adding to the work force of the public service in the national capital area sufficient people to fill two of Mr. Campeau's Places de Ville every three years. Clearly that is not desirable, most especially in these times of economic restraint. The circumstances have fundamentally changed.

● (1622)

We are now in a period of a flat economy. We are now in a period where there is an additional economic factor, albeit an artificial economic factor. It seriously affects the viability of the heart of the nation's capital. The artificial factor I am referring to is the freeze placed by the government on the growth of the public service. If there were no artificial impediment to the growth of the public service, and if it were growing at a more normal rate of 1½ per cent, 2 per cent or 3 per cent annually, then we would not have any vacant space in the city of Ottawa. If that were the case, the growth rate would be equal to the gross national product. Also, we would not have the prediction of four million square feet of office space being vacated. In fact we would be constructing other buildings in Ottawa and Hull.

The planning of the government was based upon economic factors which existed at that time. Indeed the same type of planning was done by the private sector. I have implored ministers of the Crown to take these factors into consideration as they exist today. The moves to Hull and the decentralization across the rest of Canada should not be stopped. But they should be slowed down in order to give our economy and our public service a chance to grow in a more normal way, at which time we will spread the harm and the difficulty being occasioned to the people who live in the centre of my city. This is not an unreasonable request. The private sector should bear some of the burden. There should be some empty space in Ottawa owned by the private sector, as well as some empty space owned by the federal or public sector in Hull.

There are benefits to the economy of Ottawa because the public service is located here. Likewise, there should be benefits to the private sector in Hull because of the federal government being located there. We should share the benefits. In the short run we should share also the hardships which will be curtailed because of economic factors since the planning of the late sixties and early seventies.

A slowdown will not cost the Treasury a great amount of money. A slowdown such as that will show the good will of the government toward this community. Ottawa has benefited greatly by having the public service and a dedicated group of public servants who are highly trained specialists. This ought to be acknowledged. A slowdown in these moves must take place in order for the economy to catch up. In that event the harm will not be so great.

Another matter of great concern to the community at large, the chairmen of regional governments, the mayors of the region and the reeves of the region, is the grants which are being paid in lieu of taxes. The vacancies which will take place in the private sector in terms of office space are a very serious matter at this time. Notwithstanding the fact that the office space is empty, the municipal expenditures continue at the same rate. I am referring to expenditures for police service, garbage collection, and education. Those expenditures are present whether or not the government occupies these buildings.

[Mr. Poulin.]

There are some buildings in Ottawa owned by the federal government which are exempted properties. These properties are of a cultural nature or are monuments, such as the National War Memorial in the centre of Ottawa. It is recognized that those properties are properly exempt. They are there for the people of Canada, and indeed the people of Ottawa enjoy them as well. Two examples of exempt properties are the National Museum and the National Arts Centre. But there are other properties which are exempt from the payment of any or all taxes and I wonder whether they should continue to have that status in this day and age.

Generally the government pays a full commercial tax rate on realty owned or occupied by it. That must be understood in order to eliminate some of the confusion surrounding this area. In addition the government pays full police rates, water rates and taxes, except for the exempt properties. The few buildings which are exempt might be brought into the ambit of full taxation in order for this municipality to have more funds to meet its day to day commitments. I am referring to such buildings as the National Library, the National Archives, and the National Science Library. As I said before, the National Museum will be exempt because it is a cultural establishment. These other buildings are repositories of information and knowledge. They provide knowledge and information in the same manner as similar organizations in the private sector. Their operations are closely related, and therefore these buildings should no longer be exempt from the payment of municipal taxes. The government should make moves in that direction. It is capable of doing so.

The Prime Minister (Mr. Trudeau), in correspondence with the mayor of the city of Ottawa, has indicated that the Grants in Lieu of Taxes Act will be amended during the life of this parliament. I urge the government to move as quickly as it can in order for the benefits of those amendments to be felt by the city of Ottawa, of which I represent a part, and the surrounding municipalities.

Mrs. Pigott: Hear, hear!

Mr. Poulin: This cannot be over-emphasized because of the great exodus plan which will be implemented in the future. That involves the move of public servants from this community to other parts of Canada. This community will have to tighten its belt, but it should not have to do so because the federal government is not paying its fair share.

Mrs. Pigott: That is right—justice.

Mr. Poulin: The most serious part of the controversy regarding taxes is the area known as business tax. I am sure there is room for compromise in this area. There is room for members on all sides of this House to strive for equity and justice. Taxes should be paid where operations that are being conducted are akin to, similar, or like work which is carried on in the private sector. As I have mentioned, grants are being paid on realty by the federal government at the full commercial rate on all real estate which it owns and occupies. It does not pay grants in lieu of business tax.

In order to summarize the argument of this government, and in fact of all past governments, I should like to indicate that the operations of government are not a business. We are not engaged in making a profit, nor are we trying to make a profit. So far as most of the government's operations are concerned, such as, for example, the distribution of old age pensions and the family allowances, the government is not conducting a business and it is not endeavouring to make a profit. The problem here is in the legislation regarding a business tax which goes up as high as 140 per cent with regard to breweries, and down to 30 per cent, 40 per cent or 50 per cent of the tax paid on the realty.

● (1632)

Although government operations are not a business, equally government officials do not conduct themselves in these offices as if they were in a residence, in a home. It is obvious that they should be paying commercial rates, and somewhere along the line we should find some common ground. Although the government is not conducting its business in the same manner as companies are in the private sector, it must be recognized that the government should pay some tax or grants in order to assist the municipality in defraying the cost of its annual expenses.

I am very pleased that the Minister of Employment and Immigration (Mr. Cullen) is in the House this afternoon. He is becoming more and more influential with his cabinet colleagues. He has a very special interest in the Ottawa ridings and in the other ridings in eastern Ontario and so I ask him to take my message to his colleagues that there should be a slow-down in the movement of public servants to Hull, to permit our economy to catch up and to permit the public service to grow and fill these buildings. Also, through you, Mr. Speaker, I appeal to the Minister of Employment and Immigration that an accommodation be made by the government with respect to grants in lieu of taxes. I know that all members of parliament representing the Ottawa area concur in my appeal to the minister.

I should like to make some comments now on the matters raised by the Solicitor General (Mr. Fox) in his speech earlier today. I make these comments because if there is anything important in this land it must be adherence to our laws. I had a very interesting year as parliamentary secretary to the Solicitor General and during that time I got to know the present Commissioner of the RCMP, as well as the former one. I also got to know very well the chief of security of the RCMP, and indeed many other officers of all ranks with whom I have worked as a lawyer and as a prosecutor. I have nothing but the highest regard for these men, and I have some understanding of the great difficulty of the work which they do. But the solicitor general indicated that on January 9, 1973, an entry was made into the offices of the Parti Québécois—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but I must inform him that his allotted time has expired. Nevertheless, he may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Cecil Smith (Churchill): Mr. Speaker, I would like to congratulate the mover and seconder of the address in reply to the Speech from the Throne, the hon. member for Louis-Hébert (Mr. Dawson), and the hon. member for Malpeque (Mr. Wood). I was really pleased to hear the speech made by the hon. member for Malpeque because I believe it was made by a very sincere new member of parliament, and it came from the heart.

The only highlight that I can find in the Speech from the Throne was the fact that Her Majesty the Queen delivered it, because I cannot see any other highlights in it that would bring Canadians out of the malaise in which they find themselves at the present.

I will have to cut my remarks short because I have only ten minutes in which to speak before the bells ring.

In any newspaper one might have picked up since October 20 one could find a headline or an article concerning the mining industry in Canada. Of course they concern the massive lay-offs of employees at Sudbury, Ontario, and Thompson, Manitoba.

Whether it be the lay-offs in Thompson, Manitoba, or the impending closing of the Alcan fluorspar mine in St. Lawrence, Newfoundland, the mining industry is finding itself in a real crunch.

The government is known for pointing its finger at industry and saying to industry "It is time you cleaned up your act. Give us some forecasts of what the mining industry is going to do. Get your act together," as the Prime Minister (Mr. Trudeau) would put it, and tell the government what action you are taking and what the long range forecast is. However, I would like to refer to an article which will be appearing in the *Financial Post* tomorrow, October 29. The heading reads: "Mining's Tax Crunch". It reads:

> Ever since Ottawa's white paper on tax reform in 1969, the mining industry has faced the prospect and the fact of substantially higher taxes.
>
> Mining companies have been caught in the middle of the heated disputes between the federal and provincial governments about which jurisdiction should receive the revenue. In some cases, the conflicting rules have meant a potential tax of more than 100 per cent.

I have a timetable before me pointing out the major tax changes that have taken place since 1969 after the Trudeau administration came into power. I would like to refer to a few of those in the short time I have. Here we have the government telling the mining industry to get its act in place, and here are federal and provincial governments coming in with 13 major tax amendments in less than ten years.

The timetable reads as follows:

> November, 1969. The white paper on tax reform proposes withdrawal of the three-year tax-exempt period for new mines, effective, January 1, 1974.
>
> August, 1970. Ottawa announces that, after 1976, provincial mining levies will no longer be deductible.
>
> January, 1972. New federal Income Tax Act comes into effect. It contains new measures relating to mining tax.
>
> February, 1974. British Columbia introduces mineral royalties act and amends the mineral land tax act. Both changes apply to two tiers of royalties—a basic royalty and a royalty on so-called super profits.

April, 1974. Ontario and Manitoba announce higher mining taxes on mining companies' operations, to begin in 1974.

April, 1974. Quebec says it will assess the mining tax situation. In December, 1975, it enacts new and higher rates effective retroactively to April 1, 1974.

May, 1974. Saskatchewan introduces a reserve tax on potash mines, in effect a royalty.

May, 1974. Federal budget announces end of deductibility of provincial mining taxes and introduction of the 15 per cent abatement, effective immediately.

November, 1974, Mining measures from May federal budget reintroduced intact except that exploration expenses can be written off at 100 per cent instead of 30 per cent.

● (1642)

January, 1975. Newfoundland's Mining and Mineral Rights Tax Act comes into effect, imposing tax on profits and royalties.

June, 1975. Federal budget scraps the 15% abatement (which reduces tax payable) and replaces it with a 25% resource allowance (which reduces taxable income). This is more favourable than the abatement for a company with substantial expenses for exploration, development or interest. At the same time, the federal rate is reduced to 46% from 50% to match rate applicable to other companies.

January, 1977. British Columbia's two-tier royalty system cancelled and replaced with a more normal mining tax on profits.

Mining companies now face a squeeze. There is a rush for tax dollars because the spending of the federal government is rampant. The federal government has to put the squeeze on to get more tax dollars to help offset its anticipated $9.5 billion deficit in this coming year.

To show how unwisely this government spends I would like to cite the example of the Otineka shopping mall in The Pas, Manitoba. This was an expenditure of $8.4 million. This is an example of the government spending money to help people in different parts of Canada! This shopping mall was supposed to create a massive number of new jobs in northern Manitoba. I understand that there is an order before the Treasury Board at this time to write off $4.2 million of the debt. This shopping centre was just opened a little over a year ago.

There was an expenditure of $11 million in the townsite of Churchill, Manitoba. The government closed Fort Churchill, which used to be operated at an annual cost of $7 million. The recreational complex in Churchill is beautiful. It cost $11 million. It was a gift to the people of the town of Churchill. The population of Churchill is only 1,500, and those people are faced with a 70 mill increase in their taxes. They refused to accept the keys for the complex. The keys were then turned over to the provincial government, and this albatross now hangs around the neck of the provincial government. It is saddled with operating costs in the neighbourhood of $700,000 a year. This was a great gift from the federal government. I know that the previous government in Manitoba was led down a snowshoe trail with little deals like this with the federal government, but I can assure hon. members that the new administration in Manitoba will not be led down that snowshoe trail quite so easily.

I would also like to mention the AHOP program under CMHC. There is not one single home under construction in the Churchill constituency under the AHOP program, for the simple reason that construction costs in the constituency are 20 per cent higher than they are in Winnipeg, and the CMHC allows only $38,500 per unit. It does not matter if it is in the north or in Winnipeg. Considering the lack of housing we have in certain areas of northern Manitoba, that is a program which should be looked at immediately so that we can get some housing there.

I see that my time is drawing close to an end. As I said before, here we are under the bell again. It gives me great pleasure to close off this debate.

I feel that there was a mini budget slipped in through the keyhole, and that is about the extent of the Speech from the Throne.

The only highlight of the Speech from the Throne was that it was delivered by Her Majesty the Queen, and I would like to close on that note.

The Acting Speaker (Mr. Ethier): It being 4.45 p.m. it is my duty, pursuant to Standing Order 38(5), to interrupt the proceedings and put forthwith every question necessary to dispose of the main motion.

Is it the pleasure of the House to adopt the main motion?

An hon. Member: On division.

Motion (Mr. Dawson) agreed to.

Hon. Bud Cullen (Minister of Employment and Immigration) moved:

That the Address be engrossed and forwarded to Her Majesty the Queen.

Motion agreed to.

Hon. Bud Cullen (Minister of Employment and Immigration) moved:

That an Address be presented to His Excellency the Governor General praying that His Excellency will be pleased to transmit to Her Majesty the Queen an engrossed Address, which the Commons of Canada in Parliament assembled, adopted in reply to Her Majesty's Speech at the opening of the Third Session of the Thirtieth Parliament.

Motion agreed to.

Hon. Bud Cullen (Minister of Employment and Immigration) moved:

That the Address to His Excellency the Governor General, adopted this day, be engrossed and presented to His Excellency the Governor General by Mr. Speaker.

Motion agreed to.

* * *

SUPPLY

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I move in accordance with Standing Order 58:

That this House at its next sitting consider the business of supply.

Motion agreed to.

The Acting Speaker (Mr. Ethier): Order, please. It being 4.48 p.m., this House stands adjourned until Monday next at two o'clock p.m., pursuant to Standing Order 2(1).

At 4.48 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, October 31, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PROPOSED COMMITTEE OF INQUIRY INTO MINISTERIAL RESPONSIBILITY FOR SECURITY OPERATIONS—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Given the latest disclosures of illegal activity by federal security services, and given the fact that the McDonald Commission lacks a clear mandate to inquire into the crucial matter of ministerial responsibility for those activities, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That a special committee of this House be established to inquire into the exercise of ministerial responsibility for federal security operations; that the committee be chaired by a member of the opposition; that the committee have the power to subpoena testimony from all Privy Councillors who have held the portfolio of solicitor general since 1968 and from such other senior officials as the committee deems necessary; that the committee be provided with independent counsel and research assistance; and that the committee submit at least an interim report to this House by November 30 next.

Some hon. Members: Hear, hear!

Mr. Speaker: The presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

CONDEMNATION OF GOVERNMENT FOR FAILURE TO ACT ON ILLEGAL ACTIVITIES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 as well.

[*Translation*]

In view of the revelations made in the House last Friday in connection with the RCMP's activities in Quebec, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House condemn the failure of the government to control effectively the activities of the RCMP. One of the results of such failure was the illegal search conducted in the offices of a democratically established political party in Quebec, that is the Parti Québécois, on January 9, 1973; that it also condemn the government and more specifically the Prime Minister (Mr. Trudeau) for his implication in the cover-up, this following unavoidably from the fact that the Prime Minister failed to ask the RCMP how it had obtained the information on the Parti Québécois when he learned in 1974 that the RCMP was watching that party.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

PERMISSION FOR CERTAIN MINISTERS TO ANSWER QUESTIONS ABOUT SECURITY SERVICE—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. It is clearly essential that in order to maintain public confidence in the Royal Canadian Mounted Police that the fullest information be available to the House and to the country concerning the relationship of the former solicitor general, now the Minister of Consumer and Corporate Affairs (Mr. Allmand); the former minister of justice, now the Minister of Transport (Mr. Lang); and the Prime Minister's office with the security and intelligence services of the government. I believe my motion will be acceptable to everyone in the House who is interested in bringing out the whole truth. Therefore, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That notwithstanding any Standing Order or ruling of Mr. Speaker, the Minister of Consumer and Corporate Affairs and the Minister of Transport be permitted to answer questions respecting the activities of the security and intelligence services of the government during the period when these ministers were responsible as solicitor general and minister of justice respectively.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

REQUEST FOR INQUIRY INTO ILLEGAL ACTIVITIES—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, pursuant to Standing Order 43, I request the unanimous consent of the House to move a motion dealing with an important and urgent matter.

As there is in this country a formal bill of rights; as Canada has always been recognized as a land of freedom; as facts and circumstances revealed by the Solicitor General (Mr. Fox) on illegal entries of the RCMP in the case of democratic individuals and organizations; and because those illegal, illegitimate and shameful acts were inspired by the government authorities in power, and also, because those same authorities, still in power, may well pursue such chauvinistic, rash and hateful acts; and also bearing in mind the fact that the Solicitor General or the Prime Minister (Mr. Trudeau) did not deign to answer adequately the questions of hon. members of this House, of whom the leader of the New Democratic Party (Mr. Broadbent) wanted to get information on the files the RCMP have on some hon. members of this Parliament, and finally because every citizen in this country will now have that sword of Damocles hanging over his liberties, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That this House order the government to set up a royal commission of inquiry, both objective and impartial, into all the extraprofessional activities of the RCMP with a view to determining whether or not it has exceeded the bounds of its role, and also to denouncing who is really responsible for that trampling of citizens' rights and freedoms.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to Standing Order 43, the motion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

HOUSE OF COMMONS

PROPOSED RESTORATION OF IMPEACHMENT AND CENSURE PROCEEDINGS IN CERTAIN CASES—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a very short motion to move under the provisions of Standing Order 43, which will have immense appeal to the other side. If consent is given, I will move:

That a select parliamentary committee be established to consider proposals to restore the practice of impeachment and censure proceedings in cases of misdemeanor and offences against the public interest alleged against those in high places.

Some hon. Members: Hear, hear!

Mr. Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR STATEMENTS BY MINISTERS CONCERNING KNOWLEDGE OF ILLEGAL ACTIVITIES—MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the shocking ministerial ignorance or responsibility for illegal activities of the security and intelligence services involving break-ins, theft, arson, etc, and the inability or unwillingness of the present government to either know or state what happened, or in effect clarify what activities constitute effective and proper security procedures, I move, seconded by the hon. member for Peace River (Mr. Baldwin):

That the present and former solicitor general, now the Minister of Consumer and Corporate Affairs, make statements on motions immediately in order that their knowledge and/or authorization of illegal break-ins, theft, arson, etc. may be fully explained to this House.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion for debate pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FEDERAL-PROVINCIAL RELATIONS

REQUEST FOR STATEMENT ON PROPOSALS TO PROVINCES WHICH WOULD JUSTIFY ABSENCE OF PRIME MINISTER—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the urgency of the statements of the Prime Minister (Mr. Trudeau) and the Solicitor General (Mr. Fox) regarding the illegal activities of the security and intelligence services of the government; and in view of the fact that the Prime Minister, as head of all security operations in the country, should be present in the House today to explain and clarify his remarks, unless matters of even greater urgency prevent him from being here; and in view of the fact the Prime Minister has described his current meetings with the provincial premiers as merely a sounding out of opinion, I moved, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House regrets the absence of the Prime Minister at this sitting and requests the Acting Prime Minister to divulge to the House immediately what, if any, concrete proposals are being made to the provincial premiers at this time to

justify the Prime Minister's absence from the House for this crucial question period.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House, pursuant to the provisions of Standing Order 43. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. My motion relates to statements by the Prime Minister (Mr. Trudeau) and by the Solicitor General (Mr. Fox) condoning illegal activities by federal security forces in 1973 on the grounds of the prevailing and political atmosphere. Since the principal features of that period included a federal Liberal government trying desperately to hold on to power in a minority situation, a provincial Liberal government—

Some hon. Members: Order.

• (1412)

Mr. Speaker: Order, please. The hon. member for Cape Breton-East Richmond (Mr. Hogan).

* * *

TRADE

SUGGESTED DELAY IN SALE OF CANDU REACTOR TO ARGENTINA—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The government which took power in Argentina in March, 1976, imposes a regime that violates all basic human rights. Freedom of the press no longer exists there, as demonstrated by the abduction, torture and assassination of dozens of journalists and by the banning of newspapers and journals. Argentina has refused to sign the nuclear non-proliferation treaty restricting the use of nuclear technology for peaceful purposes. Therefore, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That Canada stop the shipment of all parts of the CANDU reactor to Argentina and refrain from selling any further nuclear reactors to Argentina until all basic human and trade union rights are restored and until Argentina signs the nuclear non-proliferation treaty.

Mr. Speaker: The presentation of such a motion for discussion pursuant to Standing Order 43 can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Absence of Prime Minister

ROYAL CANADIAN MOUNTED POLICE

PROPOSED PROHIBITION AGAINST USE OF SECTION 41(2) OF FEDERAL COURT ACT TO LIMIT POWERS OF INQUIRY—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I, too, rise on a question of urgent and pressing necessity under Standing Order 43. Having regard to serious allegations of a cover-up by the government, and especially the Solicitor General of Canada, respecting the illegal activities of certain security and intelligence agencies, in light of the fact that the abuse of section 41(2) of the Federal Court Act has already seriously hampered the efforts of commissions of inquiry in both the provinces of Alberta and Quebec, and having regard to the gravity of the situation which is seriously undermining the confidence and the morale of our legitimate law enforcement agencies, I move, seconded by the hon. member for Central Nova (Mr. MacKay) in connection with these inquiries:

That the government be required not to exercise their privilege under 41(2) of the Federal Court Act and to permit the justices charged with the inquiry to examine any evidence and documents in the government's possession that may be pertinent to the inquiries.

Mr. Speaker: Order, please. Pursuant to Standing Order 43 the presentation of such a motion for debate at this time requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATES TO FOURTH ANNUAL CANADIAN REGIONAL PARLIAMENTARY SEMINAR

Mr. Speaker: Before beginning the oral question period I know that all hon. members will want to join me in welcoming some very distinguished visitors whom we have in the galleries this afternoon in the persons of Canadian delegates from provincial legislatures and our counterparts in the Caribbean region under the auspices of the Commonwealth Parliamentary Association. They are all here in Canada for the Fourth Annual Canadian Regional Parliamentary Seminar.

Some hon. Members: Hear, hear!

REFERENCE TO ABSENCE OF PRIME MINISTER DURING QUESTION PERIOD—REQUEST FOR EXPLANATION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I wish to rise on a point of order. I sent you notice earlier of a question of privilege. I had hoped that the Prime Minister (Mr. Trudeau) would change his plans, as has already been indicated by the hon. member for Kingston and the Islands (Miss MacDonald), and be here this afternoon.

Some hon. Members: Order.

Absence of Prime Minister

Mr. Broadbent: My point of order pertains directly to the absence of the Prime Minister this afternoon, and if hon. members opposite will do us at least the courtesy to listen to the argument, I will make the point.

Mr. Alexander: Don't hold your breath.

Mr. Broadbent: The Solicitor General (Mr. Fox), in the House on Friday, revealed for the first time to members, on this side certainly, the break-in by the RCMP into the offices of a democratically constituted political party in the province of Quebec. The questions surrounding this break-in touch at the very essence of parliamentary democracy. They pertain to the rule of law. They pertain to ministerial responsibility, and they pertain to the right of citizens to organize their lives and political activity in a free way.

● (1417)

My point of order is that when such questions of fundamental importance are raised by a certain illegal activity, the man who is centrally responsible for his government as it is involved in these activities ought to be here in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Broadbent: Therefore, I say at the outset on this point of order that the acting Prime Minister, presumably the Minister of Finance (Mr. Chrétien), in the absence of the Prime Minister (Mr. Trudeau)—who has shown a complete dereliction of his responsibilities—has to explain to the House why the Prime Minister is not here, whether he has changed his plans, whether he will be here later, and if so, when.

Mr. Speaker: Order, please. I am prepared to hear the Minister of Finance (Mr. Chrétien). However, I am sure all hon. members realize, regardless of the gravity of the situation, that the presence or absence of any minister during question period, including the Prime Minister (Mr. Trudeau), constitutes neither order nor privilege.

Some hon. Members: Hear, hear!

Mr. Speaker: However, the point of order raised by the hon. member, of which I was given notice by way of a question of privilege which would have come at the end of the question period, is one of those I thought I should hear with respect to whether we ought to proceed with the question period. We have been operating under a set of rules under which I defer until three o'clock the taking of any points of order; however, where one relates to the progress of the question period, as this does, I think I have to hear it. Notwithstanding the fact that I have now had to turn it aside, I think it is only appropriate that the question period be extended by the four minutes we have used today.

[Mr. Broadbent.]

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED ILLEGAL ACTIVITIES—DATE ON WHICH MINISTER WAS INFORMED

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Solicitor General, who made announcements in the House of Commons at a time when it was difficult to reply to him, under the pressure, I believe, of knowing that the matters revealed to the House on Friday would become public in any event through the course of provincial inquiries.

The minister referred in that statement to two illegal acts other than the illegal act relating to the Parti Québécois. I am assuming that those other illegal acts relate to the burning of a barn and the stealing of dynamite. In relation to each of these three instances I would like to know on what date the minister became aware of them, by whom he was advised and whether the information came as a result of an inquiry which was initiated by the minister, the Prime Minister or by any other minister.

Hon. Francis Fox (Solicitor General): Mr. Speaker, I find myself in the very funny position of being reproached by the Leader of the Opposition for being in the House on Friday afternoon or Friday morning.

An hon. Member: He wasn't here.

Mr. Fox: I always thought that the House of Commons sat five days a week.

Some hon. Members: Hear, hear!

Miss MacDonald: Tell that to the Prime Minister.

Mr. Fox: I would like to point out that this government set up a royal commission of inquiry last July. If we set up a royal commission of inquiry last July, it was because we had reasons for setting it up. It should therefore come as no surprise that other possible illegal acts should come to the surface over the next couple of weeks or months.

I indicated in my speech in the House on Friday that I had already brought to the attention of the attorney general of the province of Quebec two apparent illegal acts and that I was bringing to his attention a third act which concerned the acquisition of computer tapes containing a list of members of the PQ.

Contrary to what the leader of the New Democratic Party has been saying, this did not involve a break-in at the offices or the headquarters of the Parti Québécois.

The other illegal acts that I had already brought to the attention of the attorney general of the province of Quebec, as indicated by the Leader of the Opposition, involve a case of arson and a case of theft of dynamite.

As to the case I brought to the attention of the House on Friday, it was first brought to my attention on the previous

Friday in a very preliminary manner, and over the weekend the director general of the security office and the Commissioner of the RCMP were able to ascertain additional facts. We discussed the matter again on Monday and on Tuesday we had the matter brought to the attention of the Attorney General of Canada. We brought it to the attention of the federal Commission of Inquiry into the Practices and Procedures of the RCMP on Thursday and to the attention of the attorney general of the province of Quebec on Friday.

• (1422)

NAME OF PERSON AUTHORIZING PARTI QUÉBÉCOIS BREAK-IN

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I congratulate the minister on being able to smuggle a prepared statement into the proceedings as effectively as he did the other day. I think I should point out that the unusual position the minister was in the other day was that he was introducing—

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, in the interests of the continuing coverup hon. members opposite are trying to shout down questions from this side of the House.

Some hon. Members: Hear, hear!

Mr. Clark: The minister has indicated that he knew for a full week of these matters before he brought them to the attention of parliament and then he brought them in a way through which he would not be subject to questions. Since the minister has known of these matters for more than a week now, I can assume that being advised of these illegalities the minister undertook an inquiry into them. I should like him to tell the House now who authorized the break-in relating to the Parti Québécois files and information and what reasons were given to the minister by whoever authorized it as to the reasons for it?

Hon. Francis Fox (Solicitor General): Mr. Speaker, the matter was indeed brought to my attention as I indicated in a very preliminary way on the previous Friday. Of course, I think it was my duty to try to obtain more facts before making a speech. I did bring it to the attention of the House as soon as it was possible after having had an opportunity to speak to a number of people involved with the matter. I had the opportunity to review the matter with my predecessors, the two previous solicitors general, who have clearly indicated to me that they had no knowledge whatsoever of the facts in question. I also had the opportunity of reviewing the matter with the Commissioner of the RCMP and the director general of security services who had made a number of inquiries within the security service itself to determine that the matter had been discussed at the most senior echelons of the security service, that is at the echelon of the then director general of the security service.

Mr. Clark: A further supplementary question, Mr. Speaker. The minister has said that the matter has been discussed at the most senior levels. When was it discussed? What I am interested in is, who authorized the action? Will the minister answer that simple question?

Mr. Fox: Mr. Speaker, I think I answered the question during the course of my previous reply. It is quite clear that the matter had been discussed at the highest echelons of the security service—

An hon. Member: Who authorized it?

Mr. Fox: —and before the operation had been carried out it was brought to the attention of the director general of the security service.

Mr. Hees: Who authorized the operation?

ALLEGED ILLEGAL ACTIVITIES—REQUEST FOR COMMITTEE OF INQUIRY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, we are obviously going to have to look further into this question of the authority on which the director general then acted and the degree to which there was involvement or implicit or explicit direction by the government of Canada. To that end, and since there is a great deal of confusion about what is going on—the former minister said he might have been advised but he is not really sure and the minister is quoted as saying—I say only quoted as saying—that it would be fair to conclude that he was lied to by the RCMP—since we have opened this very important question of ministerial responsibility and since the minister himself has impugned the reputation of the RCM Police, I should like to ask whether he would now be prepared to recommend to his colleagues that a special committee of this House of Commons be established with the power and mandate to look into all aspects of this question of illegal activities by the security services, including the involvement or at least knowledge of responsible ministers or officers of the Privy Council?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I cannot let the premises mentioned by the hon. Leader of the Opposition go by. The present Minister of Consumer and Corporate Affairs indicated to me quite clearly, in no uncertain terms this morning, that he in no way was advised or aware of the act in question concerning Parti Québécois files. The other point is this: at no point did I ever say I was lied to by the RCMP, nor did I impugn the reputation of the force.

• (1427)

Some hon. Members: Hear, hear!

Mr. Fox: If you look at the debates which have taken place here over the past few months, you can easily see who has been throwing allegations around this House in an unfair manner.

Some hon. Members: Hear, hear!

Some hon. Members: Shame!

Mr. Fox: The Leader of the Opposition will have to make up his mind. In June of this year he was asking for a royal commission of inquiry into the practices and procedures followed by the RCMP. We now have such a commission. It is public, and it has all the requisite powers to enable it to look into those activities.

Some hon. Members: Not true!

Mr. Fox: If members of the opposition would cease listening to each other's drivel and read the terms of reference they would see that the commission clearly has all the powers necessary to follow any illegal act from person to person up to the highest levels of government.

RESPONSIBILITY FOR SECURITY SERVICES

Mr. Allan Lawrence (Northumberland-Durham): Believing that it is the security and intelligence services of the government and not necessarily the RCMP with regard to which we should get more information, may I ask the minister this: the Prime Minister is quoted on Friday last as saying that in 1974 or 1975—he was unsure of the year—he realized there was police surveillance of a democratic political party in this country—surveillance of the party itself and of members of that party. May I ask the Solicitor General, who is responsible to this House for security and intelligence services as well as for police services, whether he or any of his predecessors have found out what was the purpose of that investigation, on whose orders it was conducted and, finally, what investigation the government undertook at that time, and what were the modes and procedures of that surveillance?

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, the hon. member's question is not very clear in my mind. He is asking me why there was surveillance in 1974 or in 1973. He obviously refers to an answer given by the Prime Minister during a press conference and he might take advantage of the Prime Minister's return to ask him the same question. As far as I am concerned, the procedures at this time are that we are trying, within the framework of a general mandate given the RCMP security services in 1975, to keep a close watch only over those groups who may be suspected of being subversive. This mandate refers to acts of espionage, terrorism, whether on the national or international level, to subversive acts and activities of foreign groups in Canada. It is quite clear, Mr. Speaker, that we do not generally carry out any surveillance of political parties, as the Prime Minister has already indicated, it is also quite clear that being a member of a political party, whether Liberal or Progressive Conservative or the New Democratic party or the Parti Québécois, does not give immunity to anyone who would tend to promote changes brought on by violent and undemocratic ways.

[*English*]

ALLEGED ARSON AND THEFT OF DYNAMITE—NAME OF PERSON AUTHORIZING ACTIVITY

Mr. Allan Lawrence (Northumberland-Durham): Of course, my question to the minister was: on whose orders was this done and what investigation was initiated by the government on learning of that surveillance? As well, this morning, according to the national press, Mr. Claude Morin who is described as an executive assistant to the present Solicitor General, indicated last night that the federal government—this government—knew last September that the police in Quebec had been involved in an arson incident and the theft of dynamite. That was last September. On whose orders did that take place, and what investigation has the government made into the alleged circumstances and facts?

Hon. Francis Fox (Solicitor General): On the question of the facts, once again the hon. member is confused. I presume that what the newspaper article referred to was that this government, far from trying to conceal any facts, brought those facts to the attention of the attorney general of Quebec during September. On September 19, the deputy attorney general of the Department of Justice wrote a letter to the deputy attorney general of Quebec bringing these facts to his attention. That letter was delivered on September 20. As for the general allegations concerning the theft and the arson, the truth of the matter is that these questions were brought to our attention after my initial statement in the House on June 17 last. Those were, in part, the reasons the government decided to go ahead and launch a federal commission of inquiry, in order that the truth would come out and we would be able to establish once and for all the extent of any illegal break-in activities, clear the air for the RCMP and permit the RCMP security service to get on with the job which is essential to the security of this country.

● (1432)

ALLEGED ILLEGAL ACTIVITIES—REQUEST FOR CLARIFICATION OF PRIME MINISTER'S STATEMENT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Solicitor General. I do not use the word lightly and I use it carefully. The Solicitor General may disagree, but I think we are clearly involved in a coverup in this matter involving the cabinet.

Some hon. Members: Hear, hear!

Mr. Broadbent: I have a quotation by the Prime Minister which seems to indicate that in the most unequivocal terms. I want to ask the Solicitor General for his interpretation of it. The Prime Minister is quoted in last Saturday's *Globe*, October 29, as saying the following:

> When we found they—

That is with reference to the RCMP.

> —were doing something illegal we told them to stop it and we told them they might have to be subject to due process of law for it.

My question to the Solicitor General about this is, if the Prime Minister was referring, and it is not clear from the context, to the time of the break-in, that seems to imply that something ought to have been done in terms of public revelation of the fact that it was done. That is one interpretation. The only other interpretation is that he was referring to the time he got the information, which was late last week, in which case he was saying we found then they were doing something illegal and we told them to stop. What did he find out late last week that they were still doing that he told them to stop?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I believe one would have to ask the Prime Minister what he had in mind when he made the statement. What I gather is that the statement referred to two different things, first the question of general surveillance of political parties. The position of the government has always been clear. No democratic political party of any stripe can be, should be or ought to be the object of systematic surveillance by the RCMP. That has been made clear time and time again in this House by the Prime Minister. We stated that in this House in 1976.

As to the other part of the question, where I think some confusion arises, the Prime Minister is obviously referring to the fact that this question concerning the computer tapes on which the lists of members of the Parti Québécois were included was brought to his attention at the end of last week or at the beginning of last week. I think it is as simple as that and the confusion once again rests in the mind of the reader.

Mr. Broadbent: We will see about that when the Prime Minister comes back to the House.

An hon. Member: Ask him.

Mr. Broadbent: If he were around, I would ask him. With reference to something else, the Prime Minister said with what I can only regard as calculated ambiguity in this case, and he is quoted in the press on the week-end, that when he found out that the surveillance was taking place, whether in 1974 or 1975 and he was not sure which, with reference to the compilation of the lists of the PQ membership that "maybe they", with reference to the RCMP "did tell me" about it at that time. Is it credible to the Solicitor General that a normally intelligent man back in 1974 or 1975, when informed of surveillance, when presumably he is not sure, that he learned about a list being in the hands of the RCMP about future membership, that he would not have asked the RCMP if they had acted by peaceful and legal means or by illegal means.

Mr. Fox: Mr. Speaker, it is quite clear the Prime Minister answered these questions in detail during the course of his conference. He stated that he did receive information from time to time from the RCMP security service, information which is gathered in the normal course of his duties and that in most cases the question as to where the information came from was not asked in view of the fact the RCMP always assured him the information came from reliable sources.

SURVEILLANCE OF PARTI QUÉBÉCOIS—ACTION BY PRIME MINISTER

Mr. Edward Broadbent (Oshawa-Whitby): The Prime Minister revealed a sort of disarming naïvety on Friday when he said that this matter was brought to his attention in 1974 and 1975 and he was scandalized that they were observing a democratically constituted party. Would the Solicitor General not consider it a responsibility of the Prime Minister or indeed any minister that if he were scandalized by surveillance of a democratically constituted party, that he would have had the common sense and/or moral responsibility to go beyond that, being scandalized to find out if they were actually doing it democratically?

Hon. Francis Fox (Solicitor General): When the Prime Minister found out that that was the case, his attitude was the proper one. It is the same one I would have today, to tell the security that any such surveillance is not proper and must cease immediately.

[*Translation*]

REQUEST FOR INFORMATION ON ILLEGAL ACTIVITIES CONNECTED WITH FLQ IN 1970

Mr. René Matte (Champlain): Mr. Speaker, my question is also for the Solicitor General. The sensational revelations he made last week have of course spread consternation even among the staunchest supporters of this government. Mr. Speaker, since the revelations made seem to have been brought out by the Keable Commission as a result of the Quebec government's action regarding the search in the offices of the Agence de presse libre du Québec, could the minister tell the House whether he at last will fully disclose the illegal activities by the Royal Canadian Mounted Police, beginning with its infiltration in the ranks of the FLQ in 1970?

Hon. Francis Fox (Solicitor General): Mr. Speaker, our decision to set up a royal commission of inquiry in July was precisely to clear up the operations of the RCMP in an open, accurate and unequivocal way.

It was our opinion, Mr. Speaker—and it might not be shared by our colleague—that the best way to do it was to proceed within a judicial framework with a judge and procedures, where people can be examined and cross-examined under oath and have every opportunity to make their case to explain their acts to the court and to the population of Canada.

Mr. Speaker, I think that this way of proceeding is much more preferable than the one suggested by the hon. member. Besides, since he is so impressed by the activities of the Parti Québécois government in Quebec, I would remind him that this same government which makes such a deep impression on him is proceeding in the same way.

Mr. Matte: I have a supplementary question, Mr. Speaker. The Quebec government may impress me, but the minister and the government impress us indeed greatly when we are faced with such disclosures. The minister can therefore dispense with

make-believe explanations. Could he tell the House whether there is in RCMP files evidence of RCMP infiltration of FLQ cells in 1970, and whether the current commission will make public the relevant facts?

Mr. Fox: Mr. Speaker, it goes without saying that if we had successfully infiltrated FLQ cells in 1970, I for one would have nothing but praise for the Royal Canadian Mounted Police.

[*English*]

PARTI QUÉBÉCOIS BREAK-IN—DATE ON WHICH FORMER SOLICITOR GENERAL INFORMED

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to address a question to the Solicitor General. It arises from the non-answers given to the hon. member for Northumberland-Durham and the Leader of the Opposition. The Minister of Consumer and Corporate Affairs, the former Solicitor General, stated over the weekend he did not know whether he had been told or not about the break-in of the offices of the Parti Québécois in January, 1973. By now the former minister must have reached a threshold of recall or recovered from selective amnesia. Has the minister had a discussion with the former Solicitor General? On what date did the former Solicitor General say he was informed of the illegal break-in? I ask the minister this so that he will have the details of this ministerial coverup.

Hon. Francis Fox (Solicitor General): Mr. Speaker, I had discussions with the present Minister of Consumer and Corporate Affairs last Thursday, I believe it was, and again this morning. He confirmed to me quite clearly that not only does he have no recollection of the events but he is quite convinced that he was never apprised of them. I have also had a report from the Commissioner of the RCMP and the Director General of the Security Service who have gone through the files in detail. I have seen parts of them up to now and they indicate to me that there is no indication whatsoever in the files, nor is there any indication from the former director general of the security service, whom they interviewed, that the Minister of Consumer and Corporate Affairs was at any time either before or after the event apprised of the method used to obtain the computer tapes in question.

● (1442)

Mr. Woolliams: Mr. Speaker, that is certainly an unusual answer. First of all the Solicitor General says that he does not have any recollection, and then he says that he now knows that he was not apprised of the situation. Would the minister answer the question that was asked by the Leader of the Opposition as to who directed and authorized this illegal break-in, theft and arson, etc. The Solicitor General has given us evasive answers, so I ask him, was it authorized by General Dare or Colonel Bourne of the Security Planning and Analysis Branch? I ask this question in light of the fact that this government is attacking the RCMP of Canada.

Some hon. Members: Oh, oh!

[Mr. Matte.]

Mr. Fox: Mr. Speaker, perhaps the hon. member has not had the time to verify his facts before asking the question. He wants to go back and look at the facts, when he would see that the day that the tapes were obtained was January 9, 1973. General Dare was not head of the security service at that time. In answer to his specific question, the entry or possible offence was authorized neither by Mr. Dare, whom he mentioned, nor Mr. Bourne.

Mr. Woolliams: Now, we have had a negative answer, Mr. Speaker, let us have a positive answer. Who did authorize this break-in? Let us have the names of the people involved and the branch of the government, whether the ministerial branch or the Security Planning and Analysis Branch.

Mr. Fox: Obviously, Mr. Speaker, hon. members enjoy repeating the same question. I responded to the Leader of the Opposition, I believe, who asked me the same question. If hon. members would care to stop their catcalls for one minute and listen to the answer, perhaps they would stop asking me redundant questions. I indicated quite clearly that the matter was authorized by the most senior level of the security service of the RCMP, and that was by the person holding the rank of director general.

ALLEGED ILLEGAL ACTIVITIES—POSSIBLE REPORT BY SECURITY PLANNING AND ANALYSIS BRANCH

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General and it relates to the Security Planning and Analysis Branch within his department. I do not want him to confuse the House by going off into the security intelligence branch of the RCMP. Since that branch was formed in the department in 1971 to monitor and disseminate security information, and since officers of that branch were apparently aware of these activities in 1973, is the Solicitor General telling the House, in his answers to previous questions, that that branch and its director, Colonel Bourne, did not make any report whatsoever of these activities to the minister's predecessor?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I, too, read the *Globe and Mail* in the morning and I saw the same story. I asked the question of the head of that group and he reports to me that they were not advised, nor did they know in advance or after the fact, of the events in question.

Mr. Jarvis: A supplementary question, Mr. Speaker. In his conversation with the director of that branch within his department, did the Solicitor General examine the relevant files of the branch to determine whether or to confirm that the branch knew absolutely nothing about these activities, and that furthermore the branch did not communicate any suspicion or any knowledge whatsoever to the minister's predecessor? Is the minister absolutely convinced of that?

Mr. Fox: Mr. Speaker, I should say in response to the question that any indication to this effect would be examined in detail by the royal commission of inquiry, as all those files

would be made available to them. I have not, of course, gone through all the files from that branch from the period 1970 to the present, nor do I intend to do so, Mr. Speaker. If the hon. member wishes to read stories in the *Globe and Mail,* perhaps there is some fact in them. If there is, I would expect the people involved who wish to leave things to a newspaper would also wish to bring those matters to the attention of the royal commission of inquiry which has a mandate to look into these matters in detail.

[*Translation*]

AUTHORITY TO WHOM SECURITY INFORMATION TRANSMITTED AND BY WHOM

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a question for the Solicitor General of Canada.

In a speech he gave to the House on October 28, the Solicitor General stated that the cabinet concluded that if information on the occupant of strategic position or a candidate for that position in the civil service was available and that they gave reason to believe that the said individual was a separatist or a sympathizer of the Parti Québécois, this information was deemed to be pertinent as far as national security was concerned and it should be brought up to the attention of the authorities concerned. My question is: Can the Solicitor General tell the House who are these authorities, who is in charge of bringing this information relating to national security to their attention and whether the cabinet is aware of all that.

Hon. Francis Fox (Solicitor General): Mr. Speaker, first of all I want to indicate to the hon. member that this is a matter of security practice inside the government. Of course, if we think that certain people are openly in favour of separation or of destroying the Canada we know, we think that there are some strategic positions, I do say some strategic positions, inside the federal administration where those people should not work. We have never thought of excluding those people from the federal administration but of keeping some people outside certain strategic positions. Perhaps I can give you one example: If we are preparing a constitutional strategy, if we have positions in the ministry of state for Federal-Provincial relations or in other departments where there are negotiations with the provinces, key negotiations on the future of the country, I think that all hon. members agree that this guy should not be there because it is very difficult for him to be honest with himself and with his political beliefs which, in several cases, as the hon. member knows, are very strong.

So in such cases, Mr. Speaker, we think that these people should not be moved to strategic positions in the federal administration. Of course, Mr. Speaker, information is, like in all other cases, brought to the deputy minister concerned who is responsible for assessing the authenticity and the relevancy of the information and for ensuring whether this information should be retained considering the strategic position in question.

Mr. La Salle: I have a supplementary question, Mr. Speaker.

In his statement, the Solicitor General made a distinction between a separatist and a sympathizer. Could he explain the difference between the two and how he can tell a separatist from a sympathizer? Is it someone who voted for the PQ or intented to do so, and also—

An hon. Member: You are out of order.

Mr. La Salle: No, I am not—also, Mr. Speaker, in view of the Prime Minister's remark or statement of last Friday to the effect that in connection with the 1970 crisis, he had found normal that the RCMP should lay their hands on files in PQ offices. Could the minister tell us whether he sees a difference between an FLQ member in 1970 and a PQ member in 1973? That is a crucial issue!

Mr. Fox: Mr. Speaker, I do not think the Prime Minister has ever said that it was permissible to commit illegal acts. What he really meant in his answer is that it is quite possible that in pursuit of its mandate for national security certain actions may be taken which cannot be accepted, which are really unacceptable. And the raid made in the building where there were magnetic tapes and a list of the PQ members is indeed an operation which the government cannot condone. Incidentally, I would like to point to the hon. member that despite his television appearance on Friday night, he very well might have mentioned, had he wanted to be perfectly honest, that the matter had been brought to the attention of the Quebec authorities by the Solicitor General of Canada, and it is no mere coincidence that it was made public, Mr. Speaker. As to his specific question, Mr. Speaker, it is obviously the duty of the deputy minister concerned to assess information. The hon. member asked what is actually a rhetorical question, namely whether a distinction was made between a member of the FLQ and a member of the Parti Québécois. The hon. member is fully aware of the situation since he has been sitting in this House for a long time and has himself heard the right hon. Prime Minister clearly state that there was no reason for Canadian security services to make any surveillance of the Parti Québécois which it obviously recognizes as a democratic party.

Mr. La Salle: They still did it!

Mr. Fox: However, Mr. Speaker, if by any chance there are people in the Parti Québécois or any other political party with Maoist, Trotskyist or other political tendencies, it would obviously be advisable for the security services to keep an eye on such groups to serve the best interests of both the Canadian and Quebec governments.

● (1452)

[*English*]

ALLEGED ILLEGAL ACTIVITIES—SUGGESTION RESPONSIBILITY EXTENDS TO HIGHEST LEVEL

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I would prefer to address this question to the Minister of Justice; but since the Solicitor General is one of the chief law enforcement officers in the country responsible for law and order, and since the concept of due process of law has been mentioned today, I should like to ask the Solicitor General whether he or any of his colleagues have given attention to the legal and other responsibilities which arise from those persons at the very top, such as the director general, who are responsible for the activities of the security service? In view of the very questionable activities which have been revealed here, I should like to ask him whether he agrees that due process of law extends right to the top, and that he will assure us that there will be no arbitrary chopping off of responsibilities at lower levels?

Hon. Francis Fox (Solicitor General): Mr. Speaker, that is the position of the government.

Some hon. Members: Hear, hear!

An hon. Member: When are you resigning, then?

POSSIBLE SURVEILLANCE OF PERSONS CONNECTED WITH LAYCRAFT COMMISSION—GOVERNMENT POSITION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I thank the minister for his answer. I should like to direct another question to him. As revealing as the Quebec incidents are, involving the security services of the RCMP, I want to ask the Solicitor General about activities in another area of the country. I want him to go on record, if he will, and answer as to whether any persons connected with the Laycraft Commission of inquiry in Alberta—and this is further to the questions asked by the hon. member for New Westminster—including the attorney general of that province and his officials, have been subjected to clandestine or illegal surveillance, including bugging, wiretapping and particularly mail interception by the security services of the RCMP, or anyone under its direction? Can he give us that unequivocal assurance?

Hon. Francis Fox (Solicitor General): Mr. Speaker, this matter has been closely examined by the Royal Canadian Mounted Police. The deputy commissioner of criminal operations has had a look at that. To the best of our knowledge, there is no basis in fact to any of the allegations which have come out. As I have indicated in answer to the question of the hon. member for New Westminster, the commanding officer of the force has met with the Solicitor General in order to review this matter. Also, the commanding officer made a public press release in Alberta to indicate that there was no factual basis to the allegations that the RCMP have been involved in bugging operations concerning the attorney general of the province of Alberta.

[Mr. Fox.]

OPERATION OF "O" BRANCH—MINISTERIAL KNOWLEDGE AND ACCEPTANCE OF RESPONSIBILITY

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I am very happy with that answer as well. By way of my final supplementary I should like to ask whether the Solicitor General, in connection with the security services of the RCMP, has been fully briefed on the activities of what is sometimes called the special "O" branch which, as he may or may not know, have their own financial section and conduct activities on such an autonomous basis that even the commanding officers of divisions know little if anything about their methods, whereabouts and activities. Can he indicate whether this branch has been in fact conducting operations in various parts of the country, that he is fully aware of the circumstances and will accept his ministerial responsibility therefor?

Hon. Francis Fox (Solicitor General): Mr. Speaker, there is a special "O" branch within the RCMP. I should like to point out to the hon. member that the RCMP operates under a mandate given to it by the government. The Director General of Security Services is responsible to see that this mandate is carried out. The government has directed that all of its operations must be carried out within the framework of the law. Also I should like to point out to the hon. member that since early spring an operational review committee has been set up within the RCMP. It reviews all of the operational matters entered into by the RCMP in order to assure that their operations come within the mandate as given to it by the government.

Some hon. Members: Hear, hear!

Mr. Fox: Mr. Speaker, also I should like to point out that the Director General of the Security Services has access to law officers of the Crown in cases where he has doubts as to legality of the operation. Also he has access to me, if he wishes to bring the matter to my attention, since I meet with him on a weekly basis.

Some hon. Members: Hear, hear!

ALLEGED ILLEGAL ACTIVITIES—REASON FOR FAILURE TO OBTAIN SEARCH WARRANT

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is also directed to the Solicitor General. In his speech in the House on Friday he spoke of a dilemma and urged that the House and the people of Canada not be over hasty in passing judgment in this case. I should like to ask him for a legal opinion which I know he can answer very easily. Does the law not provide for obtaining a search warrrant if any illegal activities are suspected? What was the dilemma or the emergency which prevented the use of the ordinary legal methods of search in this case?

Some hon. Members: Hear, hear!

Hon. Francis Fox (Solicitor General): Mr. Speaker, I do not think anyone on this side of the House, or anyone in the House, would try to excuse any illegal activity. I think the position of the government is very clear.

Miss MacDonald: Except your own.

Mr. Fox: The position of the government is that any illegal activity which is brought to our attention will be brought to the attention of the proper prosecutorial authority.

The basic dilemma was raised not only by the Prime Minister and myself, but also by the Royal Commission of Inquiry into the security services in 1969, of which an eminent member of that party was, of course, a member. At that point it was clearly pointed out by the royal commission itself that there would be times when the security service, in pursuit of its mandate for national security—

Mr. Broadbent: What about this situation?

Mr. Fox: —may have a problem either accomplishing its mandate and breaking the law or not accomplishing its mandate.

Mr. Baker (Grenville-Carleton): What a stupid remark!

Some hon. Members: Order, order!

Mr. Fox: I should like to mention one clear example. At the moment if a member of the security services needs to put his hands on a cypher code of a foreign country, for instance, or something which might be of very great interest to us—

Some hon. Members: Order.

Mr. Broadbent: Oh, oh!

Mr. Fox: —it is quite clear that under the present legal framework that member could be accused of having committed an illegal act. To my mind that is a nonsensical situation in which to put members of the security services.

Mr. Broadbent: You are kidding!

Mr. Fox: That is the basic dilemma I wish to draw to the attention of the House and to the attention of hon. members opposite.

Some hon. Members: Hear, hear!

Mr. Brewin: Mr. Speaker, I should like to ask the Solicitor General if it is not, in his opinion, the duty of everyone, including the Solicitor General, not to condone a clear breach of the law by anyone, and above all by police officers, in breaking and entering into the offices of a legal political party? If that is so, why are so many of his statements—particularly the one he made on Friday—so defensive and so evasive in tone?

Some hon. Members: Hear, hear!

Mr. Fox: Mr. Speaker, as to the first part of the hon. member's question, the answer of course is yes. That was stated very clearly in my statement to the House in June of this year. It was made very clear that if there were deficiencies in the law, the solution was not to break the law, but the solution was to change the law. One of the very basic tasks of the Royal Commission of Inquiry will be to direct itself to that problem, which was not addressed in its complete details or in an entirely satisfactory fashion by the Royal Commission of Inquiry of 1969, of which Mr. Coldwell was a member—

An hon. Member: Are you going to legalize arson?

Mr. Broadbent: What a red herring!

Mr. Fox: —to sign that report indicating that really this was, for any democratic country, a very basic problem which we all had to come to grips with, whether we like it or not.

Some hon. Members: Hear, hear!

POSSIBLE SURVEILLANCE OF MEMBERS OF MEDIA—GOVERNMENT POSITION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my supplementary question is directed to the Solicitor General. It being quite clear that under the doubtful use of security and for probably illegal methods this government and its agencies have had no compunction about making improper inquiries into political parties and politicians, can the minister now indicate the extent to which the government and intelligence agencies have made surveillances, carried on investigations and made interceptions of the media?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I have no indications whatsoever of any general surveillance of the media.

Mr. Baker (Grenville-Carleton): Will you ask?

* * *

NATIONAL SECURITY

PROPOSAL TO ESTABLISH SEPARATE AGENCY—GOVERNMENT POSITION

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, my question is for the Solicitor General, and it has to do with the Royal Commission on Security which he has mentioned several times.

An hon. Member: Set up.

Mr. MacGuigan: In light of the recent events, is the government having second thoughts about its decision not to proceed with the recommendation of that royal commission to establish a separate agency to handle national security?

Mr. Woolliams: That is what they are after.

Hon. Francis Fox (Solicitor General): Mr. Speaker, as the hon. member has pointed out, this was one of the recommendations made by the royal commission in 1969. At that point that recommendation was looked at and examined in detail by the government and by the RCMP. For a variety of reasons, it was decided that it was best to leave the security services within the RCMP. I have looked at the question a number of times, and I think there are very good reasons for keeping the security services within the RCMP. There are some good reasons that can be marshalled on the other side of the argument to indicate that it ought to be a civilian agency outside of the RCMP. This is a problem we will have to examine in great depth and detail. I trust this is one of the main tasks that the new Royal Commission on Security, which was set up in July of this year, will want to examine in detail.

Some hon. Members: Hear, hear!

* * *

ROYAL CANADIAN MOUNTED POLICE

SUGGESTED ELIMINATION OF CIVILIAN SECURITY GROUP AND RETURNING AUTHORITY TO FORCE

Mr. Erik Nielsen (Yukon): Mr. Speaker, my question is for the Solicitor General. In view of the fact that all of the erosion of the integrity—

Some hon. Members: Oh, oh!

● (1502)

Mr. Nielsen: Mr. Speaker, in view of the fact that the erosion of the integrity and of the good image of the RCMP is related to instances involving security and intelligence activity and have arisen since the initial establishment of the security planning and research group under the present Minister of Supply and Services, will the government consider restoring the confidence of the public in the RCMP by dismantling the civilian security planning and analysis branch of his department and re-establishing the security and intelligence operations and responsibilities under the sole control and direction of the RCMP where they were prior to the establishment of Goyer's gumshoes which have now become Fox's flatfeet?

Hon. Francis Fox (Solicitor General): The group to which the hon. member refers is a group—as he knows because he questioned them at great length during the examination of the estimates of my department last spring—which performs a very worthwhile function within our country, and the people who are working in that group are dedicated public servants, as he well knows.

[Mr. Woolliams.]

ADMINISTRATION OF JUSTICE

NO JUSTIFICATION FOR ILLEGAL ACTIVITIES BY POLICE FORCE—GOVERNMENT POSITION

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in view of the absence of the Prime Minister and of the Minister of Justice, my question is directed to the Solicitor General. Would the minister advise the House whether he, with his special responsibilities for the administration of justice, agrees with the Prime Minister when the Prime Minister stated that there may be technical breaches of the law which are justified in the name of national security, or does the minister agree with me that the administration of the law in a liberal democratic state has to be equitable, fair and the same for all persons, so that there is no justification for break-in and entry, for theft or arson, no matter what the rationalization or who perpetrates the breach?

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, this is a question to which I have replied at least on three or four occasions this afternoon.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED ILLEGAL ACTIVITIES—REASON FOR FAILURE OF CABINET COMMITTEE ON SECURITY TO LEARN OF ACTIVITIES

Mr. David MacDonald (Egmont): Mr. Speaker, it is unfortunate that the Prime Minister cannot be here, but perhaps the Solicitor General, even though he is new to the cabinet committee on security and intelligence, could tell us why the cabinet committee on security and intelligence, which is chaired by the Prime Minister and is the top level group in the security field and includes the Minister of Justice, the Solicitor General and the Secretary of State for External Affairs, did not know about the illegal break-in, arson and thefts until a few days ago, and why this information was kept from this cabinet committee and how did this come about?

Hon. Francis Fox (Solicitor General): The information to which the hon. member refers concerning the case was the result of an operation which everyone within the security service at that time, including the director general of the security service, did not consider to be an illegal operation. That is why from their point of view, there was no reason to report it to the government at the time.

Some hon. Members: Oh, oh!

CABINET INSTRUCTION ON SURVEILLANCE OF VARIOUS SECTORS OF COMMUNITY

Mr. David MacDonald (Egmont): In light of this further revelation, I wonder whether the Solicitor General can tell us, either during the question period or as a statement on motions, what instructions were issued by the cabinet committee on

security and intelligence on questions of surveillance of political parties, members of the mass media, trade unions, the National Farmers' Union, etc., what information they were asked to obtain, and to whom this information was made available?

Hon. Francis Fox (Solicitor General): If the hon. member wishes to read the speech I made in the House on Friday, he will see that I have outlined in great detail and have made public for the first time the complete mandate of the security service of Canada. It is quite clear that there is no mandate given to the security services of the RCMP to inquire into the over-all activities of any democratic political party in our country. However, let me say once again that if within such a political party there is a group of people who are dedicated to making changes through undemocratic means, then of course that group would become the legitimate object of surveillance by the RCMP.

Some hon. Members: Hear, hear!

REQUEST FOR STATEMENT ON RELATIONSHIP BETWEEN DIRECTOR GENERAL OF SECURITY AND CABINET COMMITTEE

Mr. David MacDonald (Egmont): Mr. Speaker, in light of the basic importance of this matter and the comments by the Prime Minister last Friday about the possibility of operating above the law, can the Solicitor General, either today or tomorrow, make a statement on motions indicating the exact nature of the relationship which exists between this cabinet committee chaired by the Prime Minister and the Director General of Security Services on whom in this matter the Solicitor General has cast all the responsibility?

Hon. Francis Fox (Solicitor General): No, I do not intend to make a statement on motions tomorrow, Mr. Speaker. If hon. members have any questions to ask, they are free to do so, as they have done for almost an hour at the moment.

Some hon. Members: Hear, hear!

An hon. Member: That is one way to end the question period.

Mr. Fox: This remains the current practice and members of the opposition have the opportunity to examine officials of the security service during the course of examination of estimates, an opportunity which they had last spring and which they have exercised on a number of occasions.

Some hon. Members: Oh, oh!

Mr. MacDonald (Egmont): You are stonewalling, Francis.

Mr. Speaker: Order, please.

Public Bills

ROUTINE PROCEEDINGS

[*English*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

Hon. Robert K. Andras (President of the Treasury Board) moved for leave to introduce Bill C-10, to amend the Financial Administration Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

BUSINESS OF THE HOUSE

PROCEDURE RESPECTING INTRODUCTION OF PUBLIC BILLS ON ORDER PAPER

Mr. Speaker: May I just take a moment to refer the House to the practice which has been followed in the past in respect of this particular moment which calls for the introduction of some 205 individual private members' bills. The practice that has been followed in the past is the one of balloting. This leads to an agreed number of bills being put on the order paper by way of first reading, in the hope that a certain number at least will reach second reading and discussion.

It is not possible for us to take the time of the House, nor is it practical for us to introduce each bill individually. So, in keeping with past practice, may I suggest that we now give first reading to all 205 private members' individual bills at this time. However, by unanimous consent, the private members' public bills that will be listed for introduction in this way will be dealt with under one general motion, and I should repeat the caveat of the Chair that I have not undertaken to examine these bills with regard to their procedural regularity. That argument can always be raised at the time that the bill comes forward for further consideration, which is an exception to the practice, but is the only feasible way to do it.

Therefore, with the caveat that this is not a certification in any way by the Chair of the procedural regularity of the bills, may I put to the House the motion that some 205 bills listed on the order paper today as private members' public bills be given first reading?

Some hon. Members: Agreed.

* * *

PRIVATE MEMBERS' PUBLIC BILLS

FIRST READINGS

Bill C-201, An Act respecting the cost of publishing public reports—Mr. Herbert.

Bill C-202, An Act to amend the Official Languages Act—Mr. De Bané.

Public Bills

Bill C-203, An Act to amend the British North America Act, 1867 (abolition of the Senate)—Mr. Knowles (Winnipeg North Centre).

Bill C-204, An Act to prohibit aid to foreign countries violating human rights—Mr. MacDonald (Egmont).

Bill C-205, An Act to provide for emergency measures to deal with the inflation of prices—Mr. Lambert (Bellechasse).

Bill C-206, An Act to amend the Criminal Code (sexual exploitation of children)—Mr. Epp.

Bill C-207, An Act to amend the Criminal Code (pornography)—Mr. McGrath.

Bill C-208, An Act to render Government documents and publications pertaining to senior citizens more legible and comprehensible—Mr. Goodale.

Bill C-209, An Act respecting the international airport at Ottawa—Mr. Isabelle.

Bill C-210, An Act to correct certain anomalies and inconsistencies in the Revised Statutes of Canada 1970 pertaining to the protection of Canadian language rights—Mr. Gauthier (Ottawa-Vanier).

Bill C-211, An Act to amend the House of Commons Act and the Canada Elections Act (by-elections)—Mr. Dick.

Bill C-212, An Act to provide for the establishment of the Office of Parliament Hill Curator—Mr. Watson.

Bill C-213, An Act to amend the Railway Act (definitions)—Mr. Brisco.

Bill C-214, An Act to amend the Divorce Act (living separate and apart)—Mr. Robinson.

Bill C-215, An Act to amend the Criminal Code (N.S.F. cheques)—Mr. Turner.

Bill C-216, An Act to amend the Bank Act, the Shipping Act, the Criminal Code, the Customs Tariff, the Customs Act, the Export and Import Permits Act, the Export Development Act, the Foreign Investment Review Act, the Canada Corporations Act, the Combines Investigation Act and other applicable statutes—Mr. Kempling.

Bill C-217, An Act to amend the Broadcasting Act—Mr. McKenzie.

Bill C-218, An Act respecting senior citizens—Mr. Howie.

Bill C-219, An Act to amend the Public Service Staff Relations Act—Mr. Joyal.

Bill C-220, An Act to provide for a National Referendum on the reinstitution of Capital Punishment—Mr. Lawrence.

Bill C-221, An Act to amend the Criminal Code (cruelty to animals)—Mr. McKinnon.

Bill C-222, An Act to amend the Railway Act (ownership of land where railway line abandoned)—Mr. Whittaker.

Bill C-223, An Act to amend the Canada Labour Code (certification of union)—Mr. Rodriguez.

Bill C-224, An Act to amend the Railway Act (noise abatement)—Mr. O'Connell.

[Mr. Speaker.]

Bill C-225, An Act to amend the Senate and House of Commons Act (party status)—Mr. Beaudoin.

Bill C-226, An Act to provide for the elimination of inactive and overlapping Federal programmes and agencies by requiring Parliamentary review every five years—Mr. Forrestall.

Bill C-227, An Act to amend the Criminal Code (invasion of privacy)—Mr. Woolliams.

Bill C-228, An Act proclaiming the Canadian Flag Day a national holiday—Mr. Haidasz.

Bill C-229, An Act to protect the Canadian environment by instituting mandatory impact assessment procedures prior to the construction of installations potentially damaging to the environment—Mr. Wenman.

Bill C-230, An Act to amend the British North America Act (the constitution of the Senate of Canada)—Mr. Murta.

Bill C-231, An Act to amend the Criminal Code (abduction of child)—Mr. Friesen.

Bill C-232, An Act to amend the Customs Tariff (games of violence)—Mr. Schellenberger.

Bill C-233, An Act respecting the policy of financing transportation in non-metropolitan areas—Mr. Tessier.

Bill C-234, An Act respecting National Heritage Day—Mr. MacGuigan.

Bill C-235, An Act to amend the Public Service Staff Relations Act and the Canada Labour Code to provide for the establishment of sector bargaining—Mr. Jelinek.

Bill C-236, An Act to amend the Criminal Code (abortion and the unborn infant)—Mr. Roche.

Bill C-237, An Act to amend the Criminal Code (rights of persons under arrest)—Mr. Symes.

Bill C-238, An Act respecting the age of retirement—Mr. Rynard.

Bill C-239, An Act to amend the Criminal Code (obscenity)—Mr. Whiteway.

Bill C-240, An Act to amend the British North America Act, the Senate and House of Commons Act and the Canada Elections Act—Mr. Hurlburt.

Bill C-241, An Act to amend the Criminal Code (pornography)—Mr. Dinsdale.

Bill C-242, An Act to amend the Harbour Commissions Act (local representation)—Mr. Friesen.

Bill C-243, An Act respecting a Canadian Bill of Rights for Children—Mr. McGrath.

Bill C-244, An Act respecting the preservation and surrender of constituency records—Mr. Dick.

Bill C-245, An Act to amend the Post Office Act—Mr. Robinson.

Bill C-246, An Act to amend the Criminal Code (loan sharking)—Mr. Robinson

Bill C-247, An Act to amend the Federal Business Development Bank Act (corporate objects)—Mr. Dick.

Bill C-248, An Act to amend the Railway Act (half-fare railway tickets for senior citizens)—Mr. Knowles (Winnipeg North Centre).

Bill C-249, An Act to amend the Canada Labour Code (right of worker to refuse to work in unsafe conditions)—Mr. Rodriguez.

Bill C-250, An Act to amend the Criminal Code (day-fines)—Mr. MacDonald (Egmont).

Bill C-251, An Act to amend the Canada Shipping Act (pollution)—Mr. Friesen.

Bill C-252, An Act to amend the Interest Act—Mr. Herbert.

Bill C-253, An Act to amend the Bank Act (qualification of directors)—Mr. Herbert.

Bill C-254, An Act to amend the Criminal Code (young offenders)—M. Woolliams.

Bill C-255, An Act to amend the Criminal Code (abortion)—Mr. Herbert.

Bill C-256, An Act to amend the Criminal Records Act—Mr. Friesen.

Bill C-257, An Act to amend the Indian Act (rights of Indian women)—Mr. MacDonald (Egmont).

Bill C-258, An Act to amend the British North America Act, 1867 (National Capital of Canada)—Mr. Isabelle.

Bill C-259, An Act respecting relief to non-smokers in transit—Mr. Robinson.

Bill C-260, An Act to amend the Canada Elections Act (teachers voting abroad)—Mr. Epp.

Bill C-261, An Act to amend the Canada Shipping Act (noise pollution)—Mr. Whittaker.

Bill C-262, An Act to amend the Canada Elections Act (air crew proxy voting)—Mr. Forrestall.

Bill C-263, An Act to amend the Public Service Employment Act (discrimination as to age or physical handicap or health)—Mr. Herbert.

Bill C-264, An Act to establish a universal emergency telephone number—Mr. Friesen.

Bill C-265, An Act to amend the Criminal Records Act—Mr. Robinson.

Bill C-266, An Act to amend the Canada Elections Act (publication of the result of opinion polls)—Mr. Herbert.

Bill C-267, An Act respecting the Electoral Boundaries Readjustment Act (Prince George-Peace River)—Mr. Oberle.

Bill C-268, An Act to amend the Canada Elections Act (use of contributions)—Mr. MacGuigan.

Bill C-269, An Act to amend the Criminal Code (culpable homicide redefined)—Mr. Robinson.

Bill C-270, An Act respecting the conditions under which public servants may accept employment upon leaving the public service—Mr. Baker (Grenville-Carleton).

Public Bills

Bill C-271, An Act to provide for the establishment of a Canada Sea Coasts Conservation Authority—Mr. Watson.

Bill C-272, An Act to amend the Public Service Employment Act (Canadian citizens)—Mr. Jones.

Bill C-273, An Act to amend the Canada Elections Act (postal vote)—Mr. Friesen.

Bill C-274, An Act to amend the Criminal Records Act—Mr. Rynard.

Bill C-275, An Act respecting the designation of the Speaker of the House of Commons as the Member for the Electoral District of Parliament Hill—Mr. Knowles (Winnipeg North Centre).

Bill C-276, An Act to amend the statute law relating to income tax—Mr. Lambert (Edmonton West).

Bill C-277, An Act to amend the National Housing Act (proof of need)—Mr. Friesen.

Bill C-278, An Act respecting Magna Carta Day—Mr. Munro (Esquimalt-Saanich).

Bill C-279, An Act to amend the Criminal Code (abortion)—Mr. Leggatt.

Bill C-280, An Act to amend the British North America Act, 1867 (National Capital of Canada)—Mr. Herbert.

Bill C-281, An Act to amend the Criminal Code (objectionable publications and shows)—Mr. Whiteway.

Bill C-282, An Act respecting the implementation of International Labour Organization Convention 96, concerning fee charging employment agencies—Mr. Caccia.

Bill C-283, An Act to amend the Canada Labour Code (strike or lock-out)—Mr. Jelinek.

Bill C-284, An Act to amend the Canada Labour Code (increased minimum hourly wage)—Mr. Knowles (Winnipeg North Centre).

Bill C-285, An Act to provide for the establishment of a Canada-Alaska and Maine Corridors Authority—Mr. Watson.

Bill C-286, An Act to amend the Canada Labour Code—Mr. Herbert.

Bill C-287, An Act respecting the National Food Week—Mr. Nystrom.

Bill C-288, An Act for the control of forms in the public service—Mr. Hnatyshyn.

Bill C-289, An Act to amend the Canada Labour Code (right of worker to appeal dismissal)—Mr. Rodriguez.

Bill C-290, An Act to amend the Official Languages Act—Mr. Jones.

Bill C-291, An Act to amend the Canada Labour Code (notice of termination of employment)—Mr. Rodriguez.

Bill C-292, An Act respecting Sir John A. Macdonald Day—Mr. Macquarrie.

Bill C-293, An Act to amend the Unemployment Insurance Act, 1971—Mr. Oberle.

Public Bills

Bill C-294, An Act to provide for the establishment of an Indian-Eskimo Employment Authority—Mr. Watson.

Bill C-295, An Act to amend the Income Tax Act—Mr. Woolliams.

Bill C-296, An Act to amend the Holidays Act—Mr. Herbert.

Bill C-297, An Act to establish a press council for Canada—Mr. Scott.

Bill C-298, An Act to amend the Criminal Code (reporting names of accused)—Mr. Dick.

Bill C-299, An Act to amend the Canada Elections Act (prisoners enfranchised)—Mr. MacDonald (Egmont).

Bill C-300, An Act to amend the Canadian language law—Mr. Gauthier (Ottawa-Vanier).

Bill C-301, An Act to amend the Criminal Code (cautionary label on alcoholic beverage container)—Mr. Robinson.

Bill C-302, An Act to amend the Divorce Act (alimony maintenance and custody)—Mr. Huntington.

Bill C-303, An Act respecting the disclosure of financial interests by Senators, Members of the House of Commons and certain other persons—Mr. Knowles (Winnipeg North Centre).

Bill C-304, An Act to establish a National Administration School in the National Capital Region—Mr. Gauthier (Ottawa-Vanier).

Bill C-305, An Act to amend the British North America Act, 1867 (tenure of Senators)—Mr. Herbert.

Bill C-306, An Act to establish a universal emergency telephone number—Mr. Robinson.

Bill C-307, An Act to amend the Citizenship Act (conscientious objectors)—Mr. Epp.

Bill C-308, An Act to amend the Export Development Act—Mr. Rodriguez.

Bill C-309, An Act to amend the Canada Labour Code (right of worker to refuse to work overtime)—Mr. Rodriguez.

Bill C-310, An Act to readjust the representation of Québec in the House of Commons and to readjust the electoral districts in Québec—Mr. Caouette (Villeneuve).

Bill C-311, An Act to amend the Canadian Human Rights Act—Mr. Dick.

Bill C-312, An Act to amend the Canada Labour Code (provision for ten general holidays with pay)—Mr. Knowles (Winnipeg North Centre).

Bill C-313, An Act to provide for the constitution of a Federal Transport Commission of Inquiry (impartial investigation of transport accidents)—Mr. Forrestall.

Bill C-314, An Act respecting the marketing of Prairie grains—Mr. Nystrom.

Bill C-315, An Act respecting the release of scientific information dealing with the content of any substance found in the food system—Mr. Nystrom.

[Mr. Speaker.]

Bill C-316, An Act to amend the Income Tax Act (political affiliation)—Mr. Jones.

Bill C-317, An Act to amend the Bank Act (qualifications of directors)—Mr. MacDonald (Egmont).

Bill C-318, An Act to amend the Criminal Code (pornography)—Mr. Epp.

Bill C-319, An Act respecting the advertising of food—Mr. Nystrom.

Bill C-320, An Act to amend the Criminal Code and the Customs Tariff (games of violence)—Mr. Brisco.

Bill C-321, An Act to amend the Railway Act (fences)—Mr. Collenette.

Bill C-322, An Act to amend the Criminal Code (obscenity)—Mr. Lawrence.

Bill C-323, An Act to amend the Combines Investigation Act to provide for the standardization of warranties and to define the minimum provisions thereof—Mr. McKenzie.

Bill C-324, An Act to amend the Criminal Code (black powder firearms)—Mr. Friesen.

Bill C-325, An Act to amend the Criminal Code (pornography and children)—Mrs. Appolloni.

Bill C-326, An Act respecting noise in factories—Mr. Robinson.

Bill C-327, An Act to amend the Consumer Packaging and Labelling Act—Mr. Towers.

Bill C-328, An Act respecting the control of lobbying—Mr. Robinson.

Bill C-329, An Act to protect the indexing of payments made under the Canada Pension Plan—Mr. Reid.

Bill C-330, An Act to register lobbyists—Mr. Baker (Grenville-Carleton).

Bill C-331, An Act to amend the Supreme Court Act—Mr. Friesen.

Bill C-332, An Act to repeal the Supplementary Retirement Benefits Act and certain related provisions of other Acts—Mr. Schumacher.

Bill C-333, An Act respecting the sale of firecrackers to minors—Mr. McGrath.

Bill C-334, An Act to amend the Canada Elections Act and the Elections Expenses Act—Mr. Jones.

Bill C-335, An Act to amend the Unemployment Insurance Act, 1971 (benefits to adopting parent)—Mr. Rodriguez.

Bill C-336, An Act to amend the Senate and House of Commons Act (corporate and political office prohibited)—Mr. McKenzie.

Bill C-337, An Act to amend the Broadcasting Act—Mr. Clark (Rocky Mountain).

Bill C-338, An Act to amend the Canadian Citizenship Act (time off without loss of pay for appearance in Citizenship Court)—Mr. Knowles (Winnipeg North Centre).

Public Bills

Bill C-339, An Act to amend the Public Service Employment Act (oaths and confidential information)—Mr. Leggatt.

Bill C-340, An Act to amend the British North America Act, 1867 (appointment of Senators)—Mr. McKinnon.

Bill C-341, An Act respecting the presence of the Flags of Canada in both Houses of Parliament—Mr. Schumacher.

Bill C-342, An Act to amend the Criminal Code (abortion)—Mr. Robinson.

Bill C-343, An Act to provide for the establishment of the Office of Archeological Curator for Canada—Mr. Watson.

Bill C-344, An Act to amend the Statistics Act—Miss MacDonald (Kingston and the Islands).

Bill C-345, An Act to establish the Office of Ombudsman—Mr. Reid.

Bill C-346, An Act to amend the Criminal Code (cruelty to animals)—Mr. Robinson.

Bill C-347, An Act to amend the British North America Acts, 1867 to 1965, with respect to the Quorum of the House of Commons—Mr. Knowles (Winnipeg North Centre).

Bill C-348, An Act to amend the Criminal Code (pornography)—Mr. Friesen.

Bill C-349, An Act to amend the Electoral Boundaries Readjustment Act (appeals)—Mr. Reid.

Bill C-350, An Act to amend the British North America Act, 1867 (tenure of place of Senators)—Mr. McKinnon.

Bill C-351, An Act to amend the Interest Act—Mr. Robinson.

Bill C-352, An Act to amend the Electoral Boundaries Readjustment Act—Mr. Lambert (Edmonton West).

Bill C-353, An Act to rescind the Memorandum of Understanding signed on June 28, 1976 between the Minister of Transport and the Canadian Air Traffic Control Association (CATCA) and The Canadian Air Line Pilots' Association (CALPA)—Mr. Joyal.

Bill C-354, An Act to amend the Canada Labour Code—Mr. Oberle.

Bill C-355, An Act to amend the Canada Labour Code (three weeks annual vacation after three years)—Mr. Knowles (Winnipeg North Centre).

Bill C-356, An Act to amend the Canada Pension Plan (disability pension)—Mr. Caccia.

Bill C-357, An Act respecting disclosure of credit rating records—Mr. McGrath.

Bill C-358, An Act respecting the Electoral Boundaries Readjustment Act (Pontiac—Gatineau—Labelle)—Mr. Lefebvre.

Bill C-359, An Act to amend the Federal Court Act (disclosure of documents)—Mr. Oberle.

Bill C-360, An Act respecting trafficking in exotic pets—Mr. Watson.

Bill C-361, An Act to amend the Department of the Environment Act (fisheries)—Mr. McGrath.

Bill C-362, An Act to amend the Plant Quarantine Act—Mr. Whittaker.

Bill C-363, An Act to amend the Criminal Code (capital punishment)—Mr. Guay (Lévis).

Bill C-364, An Act to amend the Canada Elections Act (opinion surveys)—Mr. Friesen.

Bill C-365, An Act to provide for the establishment of an authority to conserve for public use all abandoned railway lines in Canada—Mr. Watson.

Bill C-366, An Act to encourage the growth of the reserve force of the Canadian Forces—Mr. Robinson.

Bill C-367, An Act to amend the Criminal Code (obscene broadcasting)—Mr. Herbert.

Bill C-368, An Act to amend the Canada Elections Act (political affiliation)—Mr. Jones.

Bill C-369, An Act to amend the Motor Vehicle Safety Act (passive restraint crash protection devices)—Mr. MacDonald (Egmont).

Bill C-370, An Act to amend the Criminal Code (preventive detention of habitual criminals)—Mr. Orlikow.

Bill C-371, An Act to prohibit aid to foreign countries consistently violating human rights—Mr. Brewin.

Bill C-372, An Act respecting the continental shelf—Mr. McGrath.

Bill C-373, An Act to provide for emergency measures to deal with the inflation of prices—Mr. Caouette (Villeneuve).

Bill C-374, An Act respecting packaged perishable food—Mr. Friesen.

Bill C-375, An Act to amend the criminal law (punishment of certain offences)—Mr. Munro (Esquimalt).

Bill C-376, An Act to amend the Public Service Staff Relations Act—Mr. Orlikow.

Bill C-377, An Act to amend the Official Languages Act—Mr. Joyal.

Bill C-378, An Act to amend the Broadcasting Act (advertising on children's programs)—Mr. Herbert.

Bill C-379, An Act to recognize indigenous peoples among the founding peoples of Canada—Mr. Philbrook.

Bill C-380, An Act respecting Crown corporations (not agents of Her Majesty)—Mr. Herbert.

Bill C-381, An Act to amend the Railway Act—Mr. Schumacher.

Bill C-382, An Act to amend the Canada Elections Act (leave of absence)—Mr. Friesen.

Bill C-383, An Act to amend the Senate and House of Commons Act (independent members of the House of Commons)—Mr. Jones.

Public Bills

Bill C-384, An Act respecting employment with the Government of Canada not covered by the Public Service Employment Act—Mr. Orlikow.

Bill C-385, An Act to amend the Department of Employment and Immigration Act (handicapped persons)—Mr. Friesen.

Bill C-386, An Act to amend the Criminal Code (abortion)—Mr. Oberle.

Bill C-387, An Act respecting representation in the House of Commons—Mr. Towers.

Bill C-388, An Act to provide for full employment in Canada—Mr. Broadbent.

Bill C-389, An Act to amend the Canada Evidence Act (incriminating statements)—Mr. Orlikow.

Bill C-390, An Act to amend the Bank of Canada Act—Mr. Lambert (Bellechasse).

Bill C-391, An Act to amend the Broadcasting Act (equal time to opposition parties)—Mr. Orlikow.

Bill C-392, An Act to amend the Criminal Code (abortion)—Mr. Rondeau.

Bill C-393, An Act respecting the age of retirement—Mr. Mitges.

Bill C-394, An Act to amend the Public Service Staff Relations Act (strike ballots)—Mr. Forrestall.

Bill C-395, An Act to amend the Broadcasting Act (advertising on children's programs)—Mr. McGrath.

Bill C-396, An Act respecting the holding of a national plebiscite on the separation of Québec from Canada—Mr. Schumacher.

Bill C-397, An Act to divide the calendar year into three Parliamentary semesters—Mr. Baker (Grenville-Carleton).

Bill C-398, An Act to amend the Narcotic Control Act—Mr. Friesen.

Bill C-399, An Act to amend the Criminal Code (pornography)—Mrs. Appolloni.

Bill C-400, An Act to amend the Criminal Code (pornography)—Mr. Reid.

Bill C-401, An Act to amend the Broadcasting Act (guidelines respecting portrayal of sex and violence)—Mr. McGrath.

Bill C-402, An Act to amend the Criminal Code (pornography)—Mr. Lawrence.

Bill C-403, An Act to amend the British North America Acts, 1867 to 1965 (duration of House of Commons)—Mr. Peters.

Bill C-404, An Act to amend the Hazardous Products Act (aluminum wiring)—Mr. Peters.

Bill C-405, An Act concerning the exportation of the growth and produce of Canada—Mr. Peters.

[Mr. Speaker.]

PRIVILEGE

MR. MACKAY—"BUGGING" OF OFFICE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a question of privilege. It is not very often that I rise in this chamber on a question of privilege, but in view of the revelations that have come today and previously, I think I have a matter which affects the privileges of all members of the House. As a matter of fact, I learned about it when I was called out to the lobby.

Because of some of the circumstances, I thought it prudent to retain the services of an electronics expert to check my office, and I have been told that there is a live recording device hidden in one of the chairs in my office, a device that is fully operative. I thought this might be of some interest to the House, particularly in view of the assurances—

• (1512)

An hon. Member: How about that?

Mr. Speaker: Order, please. The hon. member raises a matter which is of great moment and concern. The matter will be investigated forthwith by officials of the House. That is the least I can undertake at this time. Until such time as any further information may come to light with respect to this occurrence, I can only assure the House that I will personally undertake to investigate this matter with the fullest vigour at my command.

An hon. Member: Fox is not surprised.

* * *

WAYS AND MEANS

DESIGNATION OF ORDER OF THE DAY TO DEBATE WAYS AND MEANS MOTIONS

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, in accordance with Standing Order 60, I request you to designate an order of the day for consideration tomorrow of the ways and means motions tabled by the Minister of Finance on October 20 last.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I ask that all questions be allowed to stand.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ILLEGAL ACTS COMMITTED BY FORCE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise to move a motion under Standing Order 26, of which I gave you notice earlier. I ask leave to move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis), the adjournment of the House under the terms of Standing Order 26 because of an unusual emergency.

That emergency relates to the revelations on Friday by the Solicitor General (Mr. Fox) that the security services have, in the recent past, illegally entered premises to steal information concerning a legal political party. The statement by the Solicitor General raises major questions of policy and procedure in the vital area of national security services which are of urgent importance to the people of Canada and which cannot be dealt with under the business of the House, as proposed by the government, in the immediate future. I therefore believe that this matter requires the urgent attention of the House.

Mr. Speaker: Order, please. I should indicate to the House that the Leader of the Opposition (Mr. Clark) did give me notice in accordance with Standing Order 26, and that shortly after I received notice from the Leader of the Opposition I received similar notice on the same subject, and under the same Standing Order, from the hon. member for Oshawa-Whitby (Mr. Broadbent).

I have referred to Standing Order 26 in the past, and have often referred to the difficulty the chair is placed in with respect to applications under it. Applications are often made about matters which are, in fact, very important and worthy of urgent consideration, but are continuing matters, as opposed to being matters of some critical focus. I regret whenever I have to make that kind of decision, because certainly applications pursuant to Standing Order 26 do bring with them one guarantee, and that is a guarantee that if a special debate is ordered, the matter will have a relevancy that this House ought to pursue in debates which do take place in this chamber; therefore, I am inclined to interpret, wherever I can, sympathetically the provisions of Standing Order 26.

Indeed, as I have said many times in the past, if Standing Order 26 is on our books in order to permit, from time to time, special debates on matters that require urgent consideration, and if the Chair is not going to give a favourable interpretation of that rule from time to time, then the rule might just as well be taken off the books.

There are conditions to which this Standing Order is subject. I have read them before, particularly Standing Order 26 (5) which says that regard ought to be had by the Chair for other opportunities which might reasonably present themselves for the House to deal with subject matters of this sort. The House has many times heard this Chair pronounce that reasonable opportunities did otherwise exist. In fact, just last week I did so, because I was of the opinion that a subject which I felt in a personal way was of very crucial importance would be before the House for several days.

I cannot say that that is the circumstance which faces us now. Subparagraph (16) of the Standing Order says the following:

> The right to move the adjournment of the House for the above purposes—

That is to say, the purposes of this order.

> —is subject to the following conditions:
>
> (a) The matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration—

I think there is a temptation to look at the word "emergency" and apply a very strict definition to it, which would seem to imply only debates brought about by sudden and unexpected events. It seems to me in the past that the word "emergency" has been intelligently applied by the Chair in setting aside applications with regard to matters of continuing concern such as general economic conditions, matters of unemployment and even continuing strikes, to ascertain the extent which has been known and present for some time, although that poses a separate and rather more delicate problem.

In any case, it seems to me that both sudden occurrences and unexpected occurrences are "emergencies" within the meaning of the word. So, too, is the sudden and unexpected revelation of events which have taken place in the past, in that they might precipitate a course of conduct which, if allowed to continue unchecked, would certainly classify itself as an emergency and a matter of urgent consideration.

Therefore, it seems to me that, following all of the language of Standing Order 26 again, as I have said in the past, if the House is not prepared, pursuant to a reasonable interpretation of this Standing Order, to direct its attention to a matter so serious and urgent as this, then we might as well take the order off the books. I, therefore, find that the matter is an important one to be discussed within the terms of Standing Order 26.

Some hon. Members: Hear, hear!

Mr. Speaker: There is one other matter about which I feel the House ought to know and to which I have addressed myself, and that is the matter of *sub judice* as it applies to our proceedings. There is, pursuant to the Standing Order, no opportunity for argument in these matters; therefore, neither is there any obligation on the presiding officer to give reasons. However, I think the House ought to know that since the House ordered an inquiry into the practices of the RCMP some time ago—that order is part of our proceedings and, in fact, the inquiry as a result of that order is now in progress—the House ought to be assured that the Chair has directed itself to the argument of sub judice.

To me, sub judice has no application here, for two reasons. In the first place, the body carrying out this work pursuant to the order is an investigatory body and not a judicial body coming to a decision. Second, in this case no decision of that body could in any way be prejudiced, surely, by a debate or discussion here. If that were the case, I would have set aside all

questions during the question period, which would have been, to me, an affront to the members of this House in pursuing their proper obligations here.

Some hon. Members: Hear, hear!

Mr. Speaker: I have said in the past many times—and I made it clear in the recent work of our Standing Committee on Rights and Immunities of Members in coming to a clear definition of the sub judice convention as it applies here—that any interference with discussion, questioning or debate in this chamber on the basis of matters being before the courts ought to be done only on the very strictest interpretation of that convention, and only upon the argument being carried before the Chair that some decision by a judicial body not only is about to be made but, in fact, is about to be made and might be prejudiced by the proceedings, debate or discussion in this House, which is certainly not the circumstance here.

Therefore, taking all the circumstances into consideration, again I say that the matter is proper to be discussed. The procedure which follows now is one which we have faced many times in the past. I repeat that this matter was put forward initially by the Leader of the Opposition, and shortly thereafter by the hon. member for Oshawa-Whitby. With the consent of the House I would, therefore, want to consider that when the question is put, it ought to be shown as being put by the Leader of the Opposition and seconded by the hon. member for Oshawa-Whitby. In the circumstances, I think that would be fair.

Technically, the procedure is to ask the House whether consent exists to put the question. If consent is not forthcoming, it takes only 20 members to support the putting of the motion. In the circumstances, it seems to me that that would be forthcoming. Therefore, I might assume that consent will be forthcoming and that the motion ought to be put.

The only remaining consideration is for the Chair to decide when the debate will take place. I have two choices open to me. One is to defer a decision until tomorrow. The second is to order the debate to take place at eight o'clock tonight. I see no reason to entertain argument or discussion in using this rule. It is on the books for this purpose. The matter is urgent and worthy of immediate consideration, and I think the debate should take place at eight o'clock tonight.

● (1522)

Mr. Lawrence: Mr. Speaker, may I draw your attention to subparagraph (9) of the rule, which states as follows:

If it is determined that the member may proceed, the motion shall stand over until 8.00 o'clock p.m. on that day, provided that Mr. Speaker, at his discretion, may direct that the motion shall be set down for consideration on the following sitting day at an hour specified by him.

My question to you is this. Because it is within your discretion, and because a very key element in this whole debate is the participation of the individual, the Prime Minister (Mr. Trudeau), who is not here today but could possibly be back here tomorrow by this time, for debate in this House tomorrow, would it be possible, until we can ascertain if the Prime Minister can be back for the debate, for Your Honour to defer your ruling on when the debate should take place?

If it is possible for the Prime Minister to be back by eight o'clock tonight, perhaps we should have the debate tonight. But if it is possible that he will not be back until tomorrow afternoon, in your discretion could you rule that the debate could be held tomorrow afternoon, because it is essential that he be here?

Mr. Speaker: Order please. I have heard the application and I have dealt with it. If I had been met with an application on behalf of the Prime Minister (Mr. Trudeau) of his desire to participate, I might have looked at this application in a different light. I have been asked to set up a debate pursuant to Standing Order 26. I have acceded to that request, and in pursuance of the Standing Order I have ordered that it take place tonight. The Minister of Labour (Mr. Munro).

Mr. Munro (Hamilton East): Mr. Speaker, I just wanted to indicate that I have been endeavouring to catch your eye for some time, although I recognize why it was quite impossible in the circumstances. The government is quite prepared to go along with the motion moved by the Leader of the Opposition (Mr. Clark), seconded by the leader of the New Democratic Party (Mr. Broadbent). That should be known when seeking the consent which you have just indicated, although I must say it is the view of the government that in the question period the Solicitor General acquitted himself superbly.

Mr. Speaker: Order, please. The consent of the House having determined that the matter is proper to be discussed, subject to the application of the Leader of the Opposition and the hon. member for Oshawa-Whitby, and consent of the House having been sought and obtained, the debate on the motion moved by the hon. Leader of the Opposition and seconded by the hon. member for Oshawa-Whitby will take place at eight o'clock tonight.

Orders of the day.

GOVERNMENT ORDERS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT OF CERTAIN PROVISIONS

Hon. Norman A. Cafik (Minister of State (Multiculturalism)) (for Mr. MacEachen) moved that Bill C-5, to amend the Canada Elections Act, be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, the proposed amendments contained in Bill C-5 which we are now considering can be dealt with under three main headings: First, amendments respecting the registration of political parties and other election expenses provisions of the Canada Elections Act; second, amendments

to facilitate administrative procedures under the act as recommended by the Chief Electoral Officer; third, a group of amendments, also recommended by the Chief Electoral Officer, which will improve voting facilities and supplement the other administrative amendments.

Shortly after the passing, in January, 1974, of the Election Expenses Act which we all agree was a complicated piece of legislation, the Chief Electoral Officer convened a meeting of senior members from the national headquarters of the political parties represented in the House of Commons. Following that meeting, an ad hoc committee was set up, chaired by the director of election expenses of the office of the Chief Electoral Officer. This action was at the request of the parties involved, with the objective of reviewing the new election expenses provisions.

Over a period of a year or so of productive discussions by the ad hoc committee there was developed a substantial number of suggested amendments concerning the registration of political parties and the election expenses provisions of the Canada Elections Act. I understand that these proposed amendments received the unanimous support of the committee. I am pleased to add that in the main these proposals have been included in the bill. Mr. Speaker, I should like to congratulate the members of the ad hoc committee for the open and congenial spirit in which they carried on the work of their committee.

On February 13, 1976, pursuant to subsection 59(1) of the Canada Elections Act, the Chief Electoral Officer transmitted to Mr. Speaker a substantial list of amendments, which, in the words of the act, he considered "are desirable for the better administration of this act". Those amendments were referred to and considered by the House of Commons Standing Committee on Privileges and Elections. Except in respect of one or two minor points, the suggested amendments were concurred in by the committee. The standing committee also recommended that consideration be given to some further amendments stemming from a number of private members' bills which it had at the same time considered. All amendments approved by the committee are included in the proposed legislation, with the exception of the committee's recommendation respecting a shortened election period.

With regard to the third category of proposed amendments to improve voting facilities and provide further opportunities for electors to vote, the proposed amendments were developed and recommended by the Chief Electoral Officer as a result of a number of representations he received from many sources. As an example of the extension of voting facilities, provision will be made for the casting of ballots in the office of the returning officer in the two weeks or so preceding polling day, where the elector will be absent and unable to vote at an advance poll or at an ordinary poll on polling day. The Chief Electoral Officer included some further amendments of a quasi-administrative nature to supplement the ones he proposed in his February, 1976, supplementary report to Mr. Speaker.

Taking into account the foregoing, it is evident that the bulk of the proposed amendments stem out of recommendations from the ad hoc, all-party committee chaired by the director of election expenses, and the House of Commons Standing Committee on Privileges and Elections. In respect of the other amendments as developed by the Chief Electoral Officer, as I have already indicated, they are of a nature to facilitate the opportunity for electors to vote. I feel confident that these amendments will be favourably received by all parties, and that the spirit of co-operation which has prevailed in the ad hoc committee will ensure the early enactment of these proposed amendments.

In light of the deliberations of the committee of the House of Commons in respect of this important matter, preceding the introduction of this bill, it is my hope and the hope of the government that the House will readily pass Bill C-5 on second reading and refer it to the Standing Committee on Privileges and Elections, so that members of all parties may have an opportunity to review the amendments which have their basis in either the recommendations of that committee or of the Chief Electoral Officer.

In the event that there is any discussion of specific amendments, hon. members would have an opportunity to debate them in committee and bring forward their views if there are any modest disagreements about what I think is a widely supported bill to amend the Canada Elections Act.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I think I can say, on behalf of my colleagues in this party, that we are happy to have the amendments in relation to the Canada Elections Act and election law before the House. We are particularly pleased that so many of the proposals made in the all-party committee referred to by the minister have been accepted. At one time I had the privilege of serving as a member of the standing committee of this House which originally dealt with the election expenses legislation. I also had the opportunity to represent my party on the all-party committee that was designed to repair any matters which had been overlooked in the original legislation.

I think it would be entirely appropriate for me, on my own behalf and on behalf of all members of the committee, to extend our appreciation to the Chief Electoral Officer, Mr. J. M. Hamel, for the way in which he presided over the discussions of the all-party committee, for the guidance he gave to all members, and for the very reasonable and effective suggestions he has made from time to time regarding the way in which we can improve the election law of the country.

Some hon. Members: Hear, hear!

Mr. Clark: I should like to say, for those who are accustomed to occasional conflict between members of different parties, that a rather welcome spirit of co-operation was exhibited by members of all parties on the committee working on amendments to the Canada Elections Act. Some 40 amendments were proposed by that all-party committee. The majority of those amendments are in the bill now before the House,

to be dealt with. Many of them are of particular importance. They will be of some help to incapacitated voters. There are references to special voters' lists, and there are changes in relation to advanced polling which will make it more possible to ensure that every individual who wants to vote, and has the right to vote, can vote. Those are all very important matters and we are delighted they have been brought forward by the minister.

I noticed that in the remarks of the minister he said the proposed amendments received the unanimous support of the committee. I think it should be clear that the proposed amendments of which he was speaking were those proposed by the all-party committee prior to the introduction of this legislation to the House. I think the minister will agree that was his intention. In other words, he was not suggesting that the amendments incorporated in Bill C-5 have the support of all members of the House of Commons. The fact is, they do not have the support of this party when it comes to one or two important particulars.

● (1532)

Mr. Cafik: I want to make it clear that I agree with the Leader of the Opposition. I did not at any time indicate directly, nor did I intend to imply indirectly, that there was unanimous support for every single point related to this bill.

Mr. Clark: I am pleased to have that point clarified. The fact is that in the movement from the all-party committee to the House of Commons, through the cabinet, or perhaps through the boardrooms where the campaign managers of the Liberal party sit, two profound changes were made in the law as against what was agreed to in the all-party committee. I make the point that they have adulterated, they have seriously changed and weakened those proposals, with grave consequences not simply for the electoral law of Canada but also for the principle of open, honest elections in this country.

Some hon. Members: Hear, hear!

Mr. Clark: They are departures which we in this party are not prepared to accept. The Minister of State should know that. He and his colleagues should understand that if this were a minor matter, we would be prepared to let it go. But the two changes smuggled into this bill not only profoundly change the electoral law of Canada, they betray the spirit in which the elections act was introduced.

I shall not detain the House for long on this matter, but I want to make our reservations and concern very clear. The first of these departures from the all-party agreement relates to the proposal by the government to increase the spending limits applicable to political parties by the rate of inflation since 1974. The second, which is the most ominous, the most dangerous and the most destructive to the principle of open government, is the provision which will explicitly allow anonymous contributions to be made to political parties. Someone behind me asks, "Why not go back to the old system?" Well, the all-party committee made a recommendation which I shall be commenting upon in a moment. This would have made it clear and certain that we would never in this country return to the old system.

That recommendation, which was supported in the committee by representatives of all parties, was struck down by the Liberal cabinet and does not find a place in the bill. What this bill does is take us back to the bad old days of election financing in this country when it was possible for contributions to be made under the table. We in this party want an end to that system, and in our approach to this bill we shall attempt to ensure the introduction of an amendment which would have that effect.

Some hon. Members: Hear, hear!

Mr. Clark: I turn, first, to the question of indexing the limits of possible expenditure so as to take account of inflation since 1974. There is some history involved here. This step was first proposed in the all-party committee by representatives of the Liberal party. It was extensively discussed and the proposal to increase the limits of expenditure was voted down. We thought the matter was dead, since it had been agreed by all parties that it would be put aside. Nevertheless, in July of this year we saw the earlier edition of the bill before us and we noticed that the proposition which had been voted down by the all-party committee had been brought back by the cabinet and that there was, indeed, a proposal to index—though only back to 1976.

That was bad enough, but apparently the political manipulators of the Liberal party got together during the summer and decided that the extra money made possible under that proposal would not be enough. What they did was introduce, in this bill, an indexing provision taking us back, not to 1976 but to 1974. I want to explain what this means to the House of Commons, to the political parties and to the public treasury. Under index ceilings, each party will have the opportunity, now, to spend in an election campaign—I am speaking of national parties here—in the neighbourhood of $5.3 million. In the absence of indexation, the limit would be in the neighbourhood of $4 million. So what we have here is a difference of $1.3 million imposed upon the electoral law by the Liberal party for their own narrow partisan reasons.

Some hon. Members: Shame.

Mr. Clark: This proposal will mean that each candidate would be able, on an average, to spend some $7,600 more than the amount set forth in the election expenses legislation. There is a further aspect. Officials in my own party headquarters inform me that on the basis of tax credits granted by the government in respect of $100 donations, and on the basis of advertising rebates from the treasury provided for in the act, government revenues would be decreased by fully $11 million. That will be the loss to the treasury if this indexing proposal is allowed to proceed. So this is not merely a change in the election law designed to benefit the sponsoring party; it will also mean a serious drain on the public treasury. That would be the cost if there were to be a general election in 1978. It might cost the public a great deal more if the election were

delayed until 1979. To a government which spends money like water, $11 million might not seem much. But I can tell you, Mr. Speaker, that to Canadians who want to see the exercise of some restraint in federal spending, $11 million means a great deal.

I should like to make the point again that there is no mystery at all as to the reason for this measure being brought in. It is no secret at all that the party in office, simply through being in office, has a greater opportunity to raise national election funds than do parties on this side of the House. What the government party is doing here is trying to change the election law so that it can spend more money to influence the decisions of Canadian electors once an election is called. They are not prepared to rely simply on their record—we can understand that. What they are looking for now is an authorizing law that will allow them to spend more money to attempt to buy the support and the votes of the people of Canada. That, I must point out, comes from a government which took great pride two or three years ago in introducing the election expenses legislation. It argued then that it wanted to impose some sanity upon the excessive expenditures made in election campaigns in the past. Here we have the principle enunciated two or three years ago undermined and betrayed by the very government that took credit for it then.

● (1542)

The existing limits have been tested in by-elections in Canada and have been found satisfactory to all parties. The previous ceilings have never been tested in a general election. There is no evidence that they will be insufficient. There is every evidence that they will, in fact, have the effect of ensuring some fairness and sanity to election compaign expenditures. Despite that, the government of Canada, the Liberal Party of Canada, wants to use the law to raise the limit so that it can spend more money to attempt to buy the votes of the Canadian people.

That is the first matter. It is the first departure that we are not prepared to accept. We want it taken out of this bill before we are prepared to limit debate—I say that to the minister—and have the matter approved finally by the House of Commons.

The other matter is even more dangerous. That is the matter which relates to anonymous contributions. Again, some history from the all-party committee. The all-party committee wanted written into the law of Canada an amendment that would instruct that all anonymous contributions, whether to a party, candidate or organization representing a party, would be paid over to the Receiver General of Canada. In other words, anybody who came to the committee room of a political party with a little brown bag full of money would not be able to have that little brown bag go anonymously to that party. That money, in the view of the election law, would have to be properly contributed. It would go to the public revenue of Canada.

That was the recommendation of the all-party committee. It was the recommendation of Liberal members of parliament serving on that committee, as well as the officers of that party. It was the recommendation that went to cabinet and which cabinet struck down. The cabinet of Canada, for reasons we hope future speakers in this debate will elaborate on, wants to have a situation where it is possible for anonymous contributions to be made.

I want again to bring the House of Commons back to an understanding of the reasons we all supported so enthusiastically the reforms introduced some years ago to election expenses law. There were a number of aspects of that law. One was that it was going to make public party financing, which too often had been private before. Hand in hand with the principle of making party financing public and letting Canadians see what goes on in their political process. Provisions were brought in which would extend tax credits to Canadians who wanted to contribute to individual political parties, as well as provisions to provide for partial public financing of election campaigns.

What we have here is an indication that the Liberal party is quite prepared to accept public financing of election campaigns. It is quite prepared to have tax credits extended to people who contribute to political parties. However, it is not prepared to eliminate anonymous contributions, which have been the bane of our political system.

Some hon. Members: Hear, hear!

Mr. Clark: I go back to some of the statements made by the then, and again, President of the Privy Council (Mr. MacEachen) who piloted the original legislation through the House. On July 10, 1973, the President of the Privy Council said:

> Among the major changes incorporated in the new bill are the requirement for full disclosure and the imposition of a ceiling on campaign spending by political parties.

That was one of the principles of the legislation spelled out by the man who guided it through the House of Commons. Now, that principle is being abandoned. There is not full disclosure when you have anonymous contributions. There is not full disclosure when the Liberal party brings into the Parliament of Canada a provision to allow shadowy figures carrying little brown bags of money to make those contributions to the Liberal party without their names being recorded. I want again to quote from the proposals of the then, and again, President of the Privy Council. He said:

> These reform proposals—

As I recall the proposals, I believe he emphasized the word "reform".

> —will remove much of the secrecy from the financial affairs of political parties—

That was one of the principles of the legislation that has now been betrayed by this government which has struck down an amendment which would end once and for all the possibility of secrecy of these party affairs. Instead of the principle of open government, this government prefers a situation of anonymous contributors who can bring their money for whatever reason and not be noted or identified. That is a blot on

our political system. It is not one which this party is prepared to accept.

Some hon. Members: Hear, hear!

Mr. Clark: I want to make it very clear, particularly because the Minister of State (Mr. Cafik) made reference to it in his opening remarks, that the desire to have secrecy and to allow anonymity in contributions is not a desire of the all-party committee. It is not a desire of this party. I am sure it is not a desire of the New Democratic Party or the Social Credit party. It is simply a desire of the Liberal cabinet, who have changed the recommendation of the all-party committee for their own narrow political reasons.

We in this House of Commons decided, when the original legislation came before the House, that we wanted an open system. We want to let the sun shine in on the political process. We do not want shadowy figures and anonymous contributions. That was why we brought in the election expenses changes. We now see that the government of Canada, the Liberal party, is seizing the first opportunity to bring down the blinds, to introduce a little more secrecy into the system, to recreate a situation where contributions are made in the shadows and where suspicions arise regarding the political system. That is an unacceptable betrayal of the principles of the Election Expenses Act that were introduced and endorsed by members of all parties just a few years ago.

Clearly, that causes suspicion that there is only one reason why the government of Canada, the Liberal party, has introduced this amendment. The reason is that they are trying to find new ways to buy the next election in Canada.

Some hon. Members: Hear, hear!

Mr. Clark: I want to repeat three points. First, the fundamental one, is that the Progressive Conservative party believes that we must have an open political system. We want Canadians to know what their political figures and what their political parties are doing. We do not want secrecy. That is why we supported the Election Expenses Act in the first place. That is why we are so offended by this attempt to introduce secrecy, to bring back anonymous, shadowy contributors bringing their money in little brown bags in expectation of lord knows what kind of recognition by the party later. That is the first principle. We want an open system. The government party wants a system that is less open.

Second, flowing from that is the proposal of indexing which would cost the public treasury of Canada $11 million. That proposal is not acceptable to this party, just as it was not acceptable to the all-party committee. Finally, the principle of allowing anonymous contributions to the political process in Canada is also not acceptable to this party.

● (1552)

I make it very clear to ministers on the other side that this is a matter of very real principle to us. We take seriously the fact that over the past several years there has grown up in Canada a deep, destructive suspicion of the political process. Canadians are prepared to believe the worst about our political parties. The only way we can demonstrate that the system is open, that the system is honest, is to let the Canadian public see as much as possible of what is going on within the political system. That was the spirit in which the election expenses law was introduced. That is the spirit which the two cabinet additions to this bill today undermine and destroy.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I rise on a point of order which is related to the point raised earlier today by the hon. member for Central Nova, who brought the rather alarming news to the attention of the members of this House of the existence of a bugging device in his office.

My point is as follows. This is not the first time that this issue has been raised. The hon. member for Yukon has in the past made a serious case about the possibility of wiretapping on his line. We now have confirmation by another respected member of the House that a bugging device has been found. My concern, Mr. Speaker, is as to what might transpire between now and, say, the next 24 hours.

If, indeed, the device which has been found by the hon. member for Central Nova is as he has described it—and none of us has any reason to doubt that at all—then those who are responsible for locating this device in the hon. member's office quite conceivably have put them in other members' offices, and during the next 24 hours it is quite conceivable that some attempt might be made to remove these devices from other members' offices.

Therefore, Mr. Speaker, I seriously suggest, on behalf of all hon. members, that through your office certain steps should be taken to—whatever word one uses—-supervise or secure the offices of all members pending the time a check can be made of all members' offices to see if bugging devices are located elsewhere. I do not think it can be dismissed lightly at all.

The Acting Speaker (Mr. Turner): Order. I wish to point out to the hon. member for Oshawa-Whitby that Mr. Speaker noted this afternoon that he would take this matter under advisement and certainly look into it. Therefore, I will take the hon. member's suggestion right to the Speaker now.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I should like, on behalf of the New Democratic Party, to outline some concerns we have about the bill which is before the House, the amendments to the Canada Elections Act. The act under which we are now governed was passed during the minority parliament of 1972 to 1974. It is an act that was long overdue in terms of bringing about needed reforms in the financing of candidates and their parties, and the disclosure of where these funds came from. I think it was no accident that this electoral reform was carried out when the New Democratic Party held the balance of power in the twenty-ninth parliament. It has always been a very long-standing and firm commitment on the part of our party that election reform was desperately needed in Canada to restore confidence in the democratic and electoral process.

I should like to remind hon. members of the chief provisions of this act, because I think the amendments which we have before us today to a certain extent subvert the intention of the twenty-ninth parliament which passed a very important and forward-looking piece of legislation. The act has, in my opinion, three main provisions. First of all, it puts limits on the amount that political parties and candidates can spend during an election. The reasoning behind this was to prevent the electoral process from being dominated by the wealthy, by those who had funds at their disposal and, therefore, could buy media time and other kinds of advertising. An ordinary citizen would not be able to do this. So putting a limit on the amount spent during an election was an important advance; it put everybody on an equal of footing, at least in terms of the amount which could be spent.

The second major provision required public disclosure of amounts in excess of $100 contributed by a donor to a party or a candidate. This, also, is fundamental to the act because it provides for an open process. Surely, that is what democracy is all about—that we know where funds are coming from so we can make a judgment as to the vested interest of the donor of such funds. The third important provision had to do with reimbursing candidates for expenses in an election, up to the prescribed maximum. I hardly need tell the House that this is important since it prevents candidates from being discriminated against because they or their supporters do not have sufficient funds to run a worth-while and full election campaign.

Those were the chief advancements which were made in the last act. However, legislation has to meet the realities of the times. We have had some by-elections and representations have been made to the Chief Electoral Officer in regard to improvements. I should like at this time to pay tribute to the Chief Electoral Officer, his staff and those who sat on the parliamentary committee, as well as on the ad hoc committee, and proposed changes and clarifications to the act. I think we have before us a number of improvements, clarification of language and terms, and some improvements for which members on both sides of the House and members of the general public have asked.

There are, of course, a number of changes which cause us some concern. The first that I should like to mention is inflation indexing of election expenses. We in our party recognize that since the act was passed in 1974, expenses have risen. I do not think it was the intention of the twenty-ninth parliament to freeze for all time the expenses of a candidate in an election. We have to be realistic and must understand that as inflation continues from year to year, the original limitations which were set may not be realistic. It seems to me we have to look closely at the formula presently contained in the bill before us, so as to make sure that the inflation formula is reasonable and does not violate the spirit of the original act, that it does not impose a great burden on the taxpayers. Therefore, Mr. Speaker, while we recognize the need for some kind of adjustment to the formula for determining what are to be the limits of election expenses, we are at the same time concerned that that formula not be more generous than is absolutely necessary.

The other very crucial point in the bill before us is an omission which is of real concern to me and my party. It is an omission which in reality strikes at one of the fundamental principles which I outlined in my earlier comments about what this bill is supposed to do. I refer to the principle of public disclosure. As the act now reads, there is a very important loophole which remains uncorrected by the bill before the House. I refer to the lack of any prohibition of anonymous contributions to a party or to a candidate. The all-party committee looked at this question very carefully. I have before me the minutes of that committee when this very issue was raised.

● (1602)

If we go to all the trouble to design an election reform act to limit the kinds of contributions which may be given to a candidate in a campaign, then surely we have to look at all the possible ways that intention could be subverted. One of the easiest ways in which that intention could be subverted is anonymous contributions: the idea of money coming to a candidate's headquarters anonymously, being used in the campaign, and no public disclosure of where that amount of over $100 came from.

The all-party committee minutes indicated that someone with an unmarked envelope addressed to the party or candidate would come, deliver or send by mail an amount of money. Someone making an anonymous donation will not be concerned about any rebate under the income tax system. Therefore, the rebate function under the Income Tax Act requiring that someone's name be disclosed cannot be used as an argument.

I thought the committee had made some very sensible recommendations. They wanted to make it illegal for any contributor not to supply the agent with his proper name and address. The committee indicated that an easy amendment could be incorporated in the bill before us under the beneficial ownership clause. Furthermore, to close any further loophole, the committee wanted to make it illegal for any candidate or party to use funds contributed anonymously. It suggested that any such anonymous contribution received could be deposited to the credit of the Receiver General of Canada for the purpose of the enforcement of this act.

It seems to me that those two suggestions are in line with the intent of the original act. They make sense, because they close a very important loophole which would subvert the intention of the act. This can be done by demanding that there be no anonymous contributions, that financial support given to a candidate would require a name attached to it and it would have to be public knowledge. If any such anonymous funds bypassed that system and got to the candidate, the candidate could not use such funds.

We do not see that very tight and precise prohibition in the bill before us. Surely, that has to be one of the fundamental weaknesses of the bill. It subverts, it weakens, and it destroys

any credibility that the public can have in this government's intent to bring about electoral reform if it does not plug the obvious loophole of anonymous contributions. We in the New Democratic Party will not stand for that kind of subversion of a very good elections act. We will fight for amendments to the bill prohibiting any kind of anonymous contributions, or use thereof, in a campaign.

Another part of the entire bill and the elections act which concerns me is the weakness wich was manifested recently in a federal by-election in Ottawa-Carleton. Section 70.1 deals with incurring election expenses by individuals other than candidates or organizations which are recognized as a political party or part of a political party. I should like to read that provision into the record, because I think it is germane to the situation which occurred recently in the federal by-election to which I have referred. I should like to refer to the Statutes of Canada, 1973-74, at C.51 on page 26. Section 70.1(1) reads as follows:

> Every one, other than
>
> (a) a candidate, official agent or any other person acting on behalf of a candidate with the candidate's actual knowledge and consent, or
>
> (b) a registered agent of a registered party acting within the scope of his authority as such or other person acting on behalf of a registered party with the actual knowledge and consent of an officer thereof,
>
> who, between the date of the issue of the writ for an election and the day immediately following polling day, incurs election expenses is guilty of an offence against this act.

The problem is this: in the by-election in Ottawa-Carleton, Mr. Donald Roach hired an aeroplane which towed a banner behind it with the following message, "OHC employees—767 CUPE Vote, but not Liberal."

Mr. Paproski: A good message; a great message.

Mr. Symes: This is an example of a third party involved in advertising in an election campaign. The third party was not a member of any of the parties campaigning in the campaign itself. It was an outside, non-political group. They advertised a political message. The Chief Electoral Officer launched a suit, after the by-election, against Mr. Roach for violation of the current elections act. Subsequent to a trial, we find that Judge Hugh Zimmerman ruled that Donald Roach did not violate the Canada Elections Act.

The court decision raises a very serious question about the intent of the act passed by the Parliament of Canada, because if that decision is allowed to stand, it subverts the limitation of expenses provision of the act. If that court ruling is upheld, it could be possible for any third party to advertise for or against a recognized candidate or party as defined by the elections act.

Conceivably, in the next federal election we could have advertising of any sort placed by such groups as Citizens Coalition, the Trotskyites, any police association or any concerned citizens' group which may arise during a campaign, arguing their points of view with a message to vote for or against a certain candidate. If non-political party is able to do that, then what effect will it have on the provisions of the act limiting the expenses a political party can incur?

Therefore, it would be quite easy for any of the recognized political parties to say to another group, "Well, if you get together and raise some funds and advertise in such a way that it is beneficial to my party, that is all to the good; it will never come under the limitations of the Election Expenses Act". We have to look at that weakness in order to determine whether it necessitates the bringing in of a further amendment to the bill before us in order to close the loophole of non-recognized parties, groups or individuals advertising during a campaign, or whether the Chief Electoral Officer must take the court decision to the Supreme Court of Canada and ask for a very definitive ruling on it. If we do not take into account that incident in the by-election and the subsequent court decision, it seems to me we will have thrown the limitation of expenses out the window. We will have provided a major loophole that subverts one of the fundamental intentions of this act to bring about electoral reform in this country.

● (1612)

Those are some of my concerns and those of my party. I should like to acknowledge, again, and pay tribute to the work of the committee. I am gratified to see that some of the representations I have made, and I know other members have made, have been accepted. I think, for example, of the provision in the bill before us that will allow advance voting for people who, because of their work, may be out of the constituency for quite a while prior to the advance polls.

I think that provision is long overdue. But what worries me are the omissions in the bill before us which are an indication of the attitude of the Liberal government once it gets back to a majority position.

In a minority parliament we had a real, meaningful and positive reform of our election procedures in this country, as contained in the act before us. For the first time, it brought a degree of openness to the democratic process, a degree of equality in terms of fund raising and expenditure. Because of the subsequent incidents and the loopholes that have been discovered, I fear that unless we have a tightening up, more so than this bill gives us, we will regress, rather than progress, in terms of reforming the democratic process in this country.

I want, as my party has always wanted, an open and above board system of election financing. To do that, we must have limitations on expenditures, we must have full public disclosure of where the money is coming from, and we must have a measure of reimbursement from the public treasury for campaign expenses. I fear that because of some of the loopholes which are not corrected, the government has ignored the recommendations of the all-party committee, and the great act which was passed in the twenty-ninth parliament, which I think restored some confidence to the people of Canada in our political system, will suffer and that confidence will be eroded, as indeed will the act and the whole political process unless we see some tightening up and prohibition of anonymous contributions and third party campaigning under the terms of the act.

We, in committee, will be pressing very hard for these reforms. We want to see the act strengthened, not weakened, as indicated by some of the loopholes that the Liberal government has failed to close in the bill before us.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I would like to make a few comments about the introduction of Bill C-5 following the study in committee recommended by the House. It is said in the recommendation that this bill provides for three main types of amendments. The first concerns the registration of political parties and election expenses, the second aims at simplifying the implementation of the administrative provisions contained in the act following the recommendation of the Chief Electoral Officer, and finally, amendments aimed at improving the material organization of the polls and completing the other administrative changes whose implementation is also recommended by the Chief Electoral Officer.

Mr. Speaker, this is the third time we have amended the famous legislation entitled the Canada Elections Act, mainly as concerns expenditures, political contributions, election expenses, the control of election expenses, and so on.

The legislation we passed in 1974 was so complex that some parties, especially the Social Credit Party of Canada, found it very difficult, first to interpret and even more to implement. At first, we went to those responsible for the legislation, that is the returning officer and the Minister of Revenue, to obtain some information and explanations about the legislation, and surprisingly, they could not give us the explanations we wanted.

Indeed, this is what it says here: Soon after passage in January 1974 of the Canada Elections Act, which, as everyone agrees, is somewhat complex, the Chief Electoral Officer called a meeting of the principal members of the national office of the various political parties represented in the House of Commons to form the committee that now exists to study a new reform. But after 1974, in order to clarify it, amendments were introduced, so that in 1975, they prevailed; but we were already victims of that so complicated, so obscure 1974 legislation; people had the impression that the Social Credit Party had benefitted from it in 1974, while we did not get any donations that year, not a cent, and our expenses were greater on account of our struggle with Revenue Canada and the Royal Canadian Mounted Police which was monitoring our offices. Our costs exceeded the $1,000 left to us. That was the impact of the 1974 legislation enacted by the parties in power and for them, and they greatly benefitted from it. Further; they benefit from it every year.

Even this year, the Liberal party collected nearly $6 million. Six million a year during four years make $24 million to start an election. Not bad!

While we, in 1974, hardly collected $200,000 and the Royal Canadian Mounted Police was close on our heels right across Canada. If that is trying to do justice to all political parties, to have a bit of fairness there, I assure you, Mr. Speaker that we did not receive fair treatment. We have been continuously harassed to such an extent that some days, as I mentioned here in the House, I would call the federal National Revenue Department to obtain explanations about the record of some citizens from my riding and get the RCMP at the other end of the line. I made an intervention in the House to ask you, Mr. Speaker, if you had given orders or if someone had given orders to the RCMP to answer calls made by hon. members to the Revenue Canada office. I think this is a year we are going to remember. This is why I would like to make a few suggestions to amend that famous Elections Act which was supposed to give justice to citizens, a far cry from reality. Today the Elections Act tolerates every possible injustice and allows parties with money to buy electors, to buy elections. It is for this reason that again today, before sending this bill to the Standing Committee on Privileges and Elections, it should be referred to the committee of the House. I urge the members of that committee to add some more amendments to that legislation in order to bring some more fairness into it.

The amount of election expenses has already been set but today it is proposed to increase again those expenses because of the rising costs of living. If you go in some homes you will see that the income of people should be increased, but it is not increased for many people who are living below the poverty level. And now they want to freeze election expenses to allow big parties and not small ones because everything is done to discourage us, Mr. Speaker, to allow the big parties to get more millions; they got $24 million, now they need $50 million or even more to make elections. Mr. Speaker, if we cannot call on the intelligence of people at election time, if it is only a matter of money we shall always have to support the same consequences as today.

Now we are back to anonymous contributions. The 1974 legislation suggested that contributions would be limited at last or at the very least disclosed and that political contributions over $100 would have to be disclosed and we approved of that as well as of setting a ceiling to contributions. What happens then? It is a well known fact that the Party in power, due to its close relationship with big corporations, banks and so forth, receives big donations. Let us take a look at the past year's record, namely the 1976 report. You will find contributions for the Liberal Party amount to $75,000 given by banks, $80,000 given by multinational corporations and so on. A total of 6 million dollars means a lot of contributions, but at least we know where they come from now, but at this stage of the game they do not want to name names any more. They ask for anonymous contributions. Well, Mr. Speaker, I am against such practices. If we are going to be fooled, let us know at least who is helping the Party in power fool us. It would be some kind of consolation, but if you have anonymous contributions, it will be impossible to know who is funding the major parties. This is precisely what we do not want, Mr. Speaker.

I also feel a financial amendment should be introduced if we want to get honest elections. We have pressed for it for a long time. They claim that limited amounts are set for the sake of justice to all voters. But if we really want honest elections, there is only one way, namely a mandatory identification card.

We have been advocating such a measure for the past ten years. It was argued some ten or fifteen years ago that this would be too costly. Everybody has cards today. It is the social insurance number that matters nowadays. Well, let us require identification with a photo and the social insurance number for voting purposes. I am sure fewer votes would be stolen if every voter were required to produce his identification card before casting his ballot. We have been pressing for that for a long time. Neither one of the old parties, Liberals or Conservatives, is willing to admit that. In my opinion, both of them are taking avantage of this situation, this is why they do not want it. The measure we propose, would bring justice to voters and prevent people from assuming somebody else's name and using it to vote. But when he has his identification card he will not be able to vote on behalf of someone else.

In my riding of Roberval, although I keep an eye open I still get robbed of 1,000 to 1,500 votes in every election. If we had that identification card that would not happen.

Second, I would like to propose an amendment in committee relating to the preparation of election lists. Those who are appointed to prepare the election lists realize that in urban ridings everything is fine because the incumbent party and the opposition are both represented—there are two people to prepare the lists. In rural ridings the returning officer appoints only one person who can prepare the list the way he wants, forget the names of those he wants to forget and add to the list the names of the people of his choice.

Since we are talking about the justice of the vote, to really give the voter justice I think we should use two people in rural ridings as we do in urban ridings to have a better supervision and thus fewer mistakes. You might tell me: In rural ridings, if a name is forgotten the person can be sworn in afterwards. But that is precisely the trick, Mr. Speaker. They even bring in people from the city to be sworn in in rural ridings in our areas because they have forgotten about the cities. That is the trick, that is where we, the little parties, do not have the money to buy people out and we get shafted.

That went even further. So much had been going on in certain polls that the returning officer even phoned me at a certain moment to tell me: There are a lot of errors going on in the poll, people voted who did not have the right to vote. Do you close the poll or do you keep it open? I said, to be fair to everybody: Keep it open, we will see later. And certain big parties were still continuing with their little trick. Some of those people are so used to it, they were brought up in it and they consider stealing votes a sport.

In my area I know elderly people almost past death-time, people 75 and over, who hit the road come every election day to have a go at that old trick, stealing votes.

When this bill is passed, I would be much pleased indeed if there was an amendment providing for compulsory identity cards for voters. We will start thinking there is some justice if we have what is needed to finance elections, and I really mean "what is needed"—of course I am not referring here to small amounts from $10 to $100, so that all sums of money over $100 are publicly disclosed. The public is entitled to know what is going on financially, and this will ensure some degree of supervision.

As far as voting is concerned, when we have the identity cards we will be laying some solid foundation for the supervision of voting in our areas, so that we may know who is entitled to vote and who is not.

Mr. Speaker, I conclude on the hope that the committee will take good note of my remarks, that finally an end will come to camouflage legislation, legislation favouring those who win elections by spending millions and hundreds of millions, that there is at least an attempt to protect evolving parties, the only ones capable of telling what is going on in government, of telling the truth to the people.

● (1622)

[*English*]

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I would first like to say that I welcome the introduction of this bill before the House. It culminates the work of many dedicated individuals who have worked with the Chief Electoral Officer over the past three years. Representatives of the four registered parties began meeting with Mr. Hamel and his staff in February of 1974, and discussions have been held by the ad hoc committee regularly since that time. I have had the privilege of serving on this committee over the past number of months, so I have a vital interest in the bill now before us.

I cannot speak too highly of the guidance and suggestions which Mr. Hamel provided, and I look forward to further discussions in the committee. I am sure Mr. Hamel's wise counsel will be helpful in explaining aspects of this bill to hon. members of the House. Well over 200 paragraphs of amendments were proposed by the ad hoc committee, and I am pleased to be able to report that the majority of these have been included as discussed and suggested by members of the committee.

I know that hon. members of this House, as well as Canadians at large, will welcome the progressive aspect of the bill. Amendments to assist incapacitated voters have been proposed and a number of measures have been put forward to make the act more intelligible to the average voter and to encourage more Canadians to participate in our political process. As in the case of any act which amends prior legislation, a good many of the amendments which have been proposed are primarily housekeeping in nature. We are pleased to accept the recommendations of the Chief Electoral Officer regarding items of this nature. It is gratifying to note that the act worked well in the last ten by-elections. Our party has been happy to comply with the spirit as well as the intent of the law. We will continue to work within the spirit of this act, as I believe that the openness which it provides in many areas is in keeping with the spirit pervading Canadian life.

● (1632)

As has been pointed out, however, the government does not seem to share our views regarding this progressive spirit of openness. I should initially point out that there are a few minor

items in the act which we feel should be given reconsideration in order to maintain consistency throughout various sections of the bill. Of much greater concern, however, is the silence of the bill in respect to the question of anonymous contributions. Earlier in this debate the leader of this party spoke about the brown paper bags and envelopes passed around to different parties at election time. I think that question was explored very well by the committee. I certainly cannot see how it is going to give confidence to the electorate if political parties can receive donations from individuals who in the future will expect something in return. I think our political system must be above that.

While this matter will have to be discussed in depth in the committee, it troubles me that it has not been included as an amendment, despite the fact that such a proposal was put forth by the all-party committee. Having served on that committee, I must point out that it was the feeling of the committee that an amendment should have been introduced instructing that all anonymous contributions received by a candidate or organization be sent to the Receiver General. It is most difficult to understand why the act is completely silent on this issue and ignores the suggestions which were agreed to by members of all four registered parties. When the minister introduced the bill today, he mentioned unanimous consent. This was part of the unanimous consent, Mr. Speaker, and I do not think he meant to lead the House to believe that everyone was in agreement with the all-party committee.

Another matter which demands equal consideration involves an amendment which has been included in the act but which was not, in fact, agreed to by the all-party committee. This question centres around clause 9, dealing with election expenses and adjustments which more specifically apply a cost of living index to party and candidate expense limits for elections held after 1977. The pros and cons of such an arrangement certainly will have to be considered, but I feel that it should be pointed out that this amendment was not, in fact, given unanimous support by the all-party committee. The government is ignoring the recommendations of the all-party committee.

Without trying to suggest outright improper motives, one must question the government's treatment of these two points with respect to this bill. Surely, the day has long since passed when anonymous contributions are an accepted part of the political process. I refuse to believe or to accept that Canadians want to sanction underhanded or questionable dealings with respect to the finances of a political party. The spirit of openness is pervading all areas of our life today, and certainly the political process should be in the forefront of reform. Instead, the government seems to prefer to drag its feet or, worse yet, to ignore, by silence, a shoddy practice. It has been said that silence gives consent, and the application is quite clear in this situation.

There is much more I could say regarding the specifics of this bill, but I will deal with these matters at greater length in the pending committee meetings. I am sure it is the intention of my party that the fair-minded and co-operative spirit which was evident in the ad hoc committee will continue during further deliberations. We will, however, oppose those aspects of this bill which we feel are not in the public interest, and I look forward to pursuing these matters vigorously in committee.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the election expenses legislation in Canada was a completely new departure and, I suppose, a departure that is unheralded in the free world and certainly one that is being studied in other nations of the free world. For the first time, legislation required all parties to fully and fairly disclose the source of their funding, both from the point of view of the party and from the point of view of individual candidates. It allowed, for the first time, an unusual inducement for members of the public, from all walks of life, to become involved in the political process by making contributions. In fact, it brought out of the back rooms of politics the question of party financing and the financing of candidates.

It brought, I think, a level of understanding to the political process which had never been evident before. It gave the average Canadian a legitimate chance of participating in the political process in the full glare of public scrutiny. Disclosure was the hallmark of that bill, and consideration for the full disclosure was the allowance that could be given for tax purposes. It is a statute that has been used effectively in my riding and in others. It was one which politicians were quite proud and pleased to support in every way.

When the statute was first introduced a few years ago, it required a number of amendments. They were advanced by all parties, including the government, because it was so new and so untried that no draftsman could hope to encompass all the difficulties the first time. The interesting thing about the committee process with regard to this bill was that there was a great range of mutual understanding, a sense of togetherness, by men and women of all political parties, officials and elected representatives who were prepared to band together to ensure that we had within our grasp the best possible statute.

There was an atmosphere of good faith and of consultation. Because all of us—I suppose we, more than anyone else, in the political process—are aware of the cynicism which affects that process. This series of amendments which has resulted in this rather formidable Bill C-5, an act to amend the Canada Elections Act which was given first reading on October 24, 1977, came about as a result of a series of further consultations. The representatives of Her Majesty's Loyal Opposition and, I dare say, those of the New Democratic Party also, felt that the same spirit of co-operation, the same sense of non-partisanship, the same positive approach that characterized the earlier negotiations would continue. To a great measure, this has been the case. But it is a matter of regret—and I know it is a matter of regret for the hon. member for Victoria-Haliburton (Mr. Scott) and his hon. friends on the committee—that the bill seems to go far beyond that which was agreed upon.

● (1642)

There can be no doubt that the recommendations of the all-party committee were sound and that those of them which are incorporated in the bill before us are sound. The leader of my party has made it very clear, however, that we are concerned about the anonymous donations provision. There is a sense of deceit about it. We have doubts about the good faith of the government, and even about the propriety of the indexing provision in a time of restraint. Until I saw the bill, I did not expect that those two clauses regarding anonymous donations and indexing would find any place in the measure. Our leader made this very clear.

I should like to state emphatically, now, that as long as those clauses are in this bill we in the Official Opposition are prepared to use whatever devices can reasonably be used, whether in the House or in the committee, to ensure that the measure is not passed until it has been changed along the lines I have indicated.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I say this in the course of debate so that there can be no doubt about our intentions with respect to it. I regret very much that I must take this approach. It is unfortunate that somehow, from the understanding which was developed between all parties on the committee, we have come to this. Why should this have happened? How can the government's position be justified, in face of the principle of openness, the principle of disclosure? How can one justify the importation into this legislation of an element whose effect is to permit substantial donations to be made by national companies, wealthy individuals, international corporations and a whole host of other people?

In an area of disclosure such as the seventies, this has no place whatsoever in our democratic process and we stand against it as firmly as we possibly can. It offends parliament. It offends the political process, a process which I believe was in some way renewed by the passing of the election expenses legislation.

I find it inexcusable and improper. I am not suggesting that hon. members who support the Liberal party from the back benches are responsible for this offence against propriety. I do not believe they had anything to do with it. Discussions obviously took place during the summer. The campaign committees, the bagmen, the fund-raisers of the Liberal party, obviously influenced somebody, and I suspect it was the federal cabinet which was influenced. I suspect and, frankly, I hope it was done without the knowledge of the Liberal party caucus. I would be greatly shocked if I were to find otherwise—if, for example, I were to learn that the hon. member for Ottawa West (Mr. Francis) was in agreement with what is being done. He has been a man of principle all his political life and, as I say, I would be surprised if he or others of my colleagues over there would agree that it is proper to do indirectly what the statute, or the principle of the statute, says we cannot do directly.

[Mr. Baker (Grenville-Carleton).]

I turn to the question of indexing. My leader has indicated that as a result of indexing election expenses and allowing contributions to reflect a different cost of living base than had been originally discussed, a new burden of some $12 million would be imposed on hard-pressed Canadian taxpayers. The legislation was designed to give political parties equal opportunity; if one party is given an opportunity to spend, the other is expected to match it.

So far, the arrangements have not been tested during a general election. The figure which has been given is the figure for an election called in 1978. God knows what it would be for an election called in 1979, given the rate of inflation! I think it is inappropriate that an indexing proposal of this kind should be put forward at a time of restraint. The government has talked on many occasions about limiting the practice of indexing. The Minister of Public Works (Mr. Buchanan) says it may be necessary to reconsider the social welfare programs and think about putting a cap on old age security benefits. He was musing in public, Mr. Speaker—philosophizing, trying to imitate the Prime Minister (Mr. Trudeau), I suppose, and the President of the Treasury Board (Mr. Andras) has since denied such intentions.

However, that was a view expressed by a member of the very government which is now prepared to index election expenses. Not too long ago the President of the Treasury Board, speaking of public servants, the RCMP and the armed forces, mused aloud that perhaps a cap should be placed on retirement pensions. In this case the hon. gentleman never rose to deny he ever said it.

● (1652)

This government which is prepared to penalize its public servants now suddenly finds itself in the position where it is going to lay upon itself a great benefit. It is going to extend indexing in a way that can only be considered inconsistent and, indeed, in terms of those who need some reflection of the cost of living in their income, reprehensible. This bill does two things that are in bad faith. This government has broken faith, not just with parliament or the opposition but with those among their number who supported a long time ago the provisions of the original Election Expenses Act.

I felt that the Election Expenses Act brought something new into our political life. It brought in the public. It brought in a new light, in the sense of the people who are involved in it. I am sure no member of this House of Commons, no matter where he sits, is happy to be a member of this public body, this body in particular. The Election Expenses Act has gone a long way to opening up the process to everyone, just as television in the House has opened up this chamber to the world. That sense of openness has been welcomed by all right-minded members of this House. However, the government is prepared to begin closing the doors, to begin allowing in the shadows of corruption with regard to election financing.

Mr. Abbott: Mr. Speaker, perhaps the hon. member would answer a question.

Mr. Baker (Grenville-Carleton): Yes, Mr. Speaker, I will try.

Mr. Abbott: I just want to be clear. Does the hon. member regard the two principal objections, the indexation and the question of anonymous gifts, as the totality of his objection? I wonder whether he raises a third one as well. I happen to share his view about the anonymous donation part. I wonder if he considers the indexation provisions in equal fashion, as a betrayal of the principles of the bill, or is he speaking mainly of the anonymous donation provision as being a betrayal of the principles that he feels the bill raises?

Mr. Baker (Grenville-Carleton): Mr. Speaker, I appreciate the hon. gentleman's question. I regard the anonymous donation provision as a betrayal of the original intent and purpose of the legislation. As far as indexing is concerned, I regard that as a betrayal of the government's position with regard to restraint. The government has asked Canadians to tighten their belts and do a host of other things, yet in terms of political parties which are at the heart and centre of our political system and the system in this House of Commons, they are prepared to go outside the work of the committee and suddenly index to the cost of living the election expenses. The government betrays itself there.

To answer the minister's question fully, by adding those two provisions without consultation with the other parties, and after the considerations of the all-party committee, it has betrayed that committee and betrayed the spirit, intent and co-operation that was to have existed in the House. I know the minister's feelings. I am pleased with his interjection. I do not say that in any partisan way. I say that the government of which he is a member should withdraw the bill as it now stands. They should review the proceedings of the all-party committee and consult the Chief Electoral Officer to see whether this bill is in keeping with the intent of the committee. The minister and the government should satisfy themselves. They should realize there is disappointment in the community about this bill.

There is general support in the community for the Election Expenses Act which provides less opportunity for those who are not well-intentioned to misuse it. It is really in that sense that I entered the debate. I noticed the minister was listening very carefully to what I was saying, and I appreciate that very much. I appreciate the minister's expression of support at least for the deletion of anonymous donations provision. I do not presume to try to affect his thinking in terms of other matters. He, as a minister, has to examine the philosophy and approach of his government to spending by government, and see how that equates to the principle of indexing in this bill. I really do not think it does.

It would be absolutely unconscienable for any minister of the Crown to talk—and it seems to me it has been confirmed as loose talk—about freezing, changing or in any way affecting social benefits without at the same time, and almost in the same breath, certainly from the same treasury benches, talking about unfreezing political benefits. That is the essence of it. It was in that sense I raised the question of their using the President of the Treasury Board. I hope that the interest of the minister in this instance will cause him to speak to his colleagues, the Minister of State for Multiculturalism (Mr. Cafik), the deputy House leader, and consult with the Deputy Prime Minister, the leader of the government in the House, in whose name Bill C-5 stands and, indeed, with the Prime Minister, to see whether it is appropriate. Subject to a review of that kind by the standing committee, I would think passage of a bill containing those offending provisions would be very difficult to achieve. However, that is subject to a review by the committee, over which he and I have no control.

That is our general approach to the legislation. We regard it as a very significant bill, for the positive things which it does. However, we think it is a retrograde step in that it offends the original sense of openness with which we all approached this legislation, and it offends the policy of restraint which has been the preaching hallmark, certainly not the factual hallmark, of this government. May I call it five o'clock?

The Acting Speaker (Mr. Turner): Order, please. It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

PUBLIC SERVICE

SUGGESTED ESTABLISHMENT OF NATIONAL ADMINISTRATION SCHOOL

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved:

That, in the opinion of this House, the government should consider the advisability of establishing in the National Capital Region, a national administration school for its public servants, which would be a first step toward the creation of an agency responsible for everything in the field of training and development of public servants.

● (1702)

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. We were served notice a little while ago, before orders of the day, that the motion we would be debating today was the one standing in the name of the hon. member for Vaudreuil (Mr. Herbert), motion No. 6, concerning the advisability of establishing an office of education. It was on that basis that preparations were made for today's private members' hour. That is the word which I had from the government.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, if I may explain, the motion standing in my name on the order paper is one which I presented in the last session of parliament. With the dying of the order paper in that session, my motion also died. It had been accepted unanimously by the House and referred to the miscellaneous estimates committee for study.

National Administration School

I ask members of all parties for their unanimous agreement to reinstate this motion in the position it was in last session, and to agree to a motion of the hon. member for Grenville-Carleton (Mr. Baker), similar to that which he moved on May 6 last, asking that the subject matter of motion No. 1 be referred to the standing committee. I cannot make that motion, but if the hon. member for Grenville-Carleton would consider making it, I think it would solve our problems and the motion need not be debated this evening.

Mr. Baker (Grenville-Carleton): Do I understand that it would be the disposition of the House to proceed with motion No. 6 following that? If that is the case, I think the situation in terms of the proposal for a public service institute is the same as it was then. We were prepared to agree at that time and I think we would be prepared to agree today.

Mr. Knowles (Winnipeg North Centre): That is satisfactory to us, Mr. Speaker. Indeed, if the hon. member for Grenville-Carleton (Mr. Baker) would move the motion that the subject matter of notice of motion No. 1 be referred to the appropriate committee, then I would be pleased to second it.

Mr. Baker (Grenville-Carleton): Then if that is in order, Mr. Speaker, I will make the motion now, and I will make it in the terms expressed by the hon. member for Winnipeg North Centre (Mr. Knowles). Therefore, I move, seconded by the hon. member for Winnipeg North Centre:

That the subject matter of Notice of Motion No. 1, as follows:

That in the opinion of this House, the government should consider the advisability of establishing in the national capital region, a national administration school for its public servants, which would be a first step towards the creation of an agency responsible for everything in the field of training and development of public servants.

be referred to the Standing Committee on Miscellaneous Estimates.

The Acting Speaker (Mr. Turner): Order, please. As I understand it, the original motion moved by the hon. member for Ottawa-Vanier (Mr. Gauthier) has been withdrawn and a new motion—

Some hon. Members: No.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, I think we are a little mixed up in procedure here. The motion has in fact been withdrawn; the subject matter of the motion is to be referred to the miscellaneous estimates committee.

Mr. Baker (Grenville-Carleton): That is right.

The Acting Speaker (Mr. Turner): Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered.

Mr. Cafik: Mr. Speaker, I apologize for not being here during the entire discussion, but is it my understanding that the original motion, having been withdrawn and now recast in its present form, is in the name of the hon. member for Ottawa-Vanier, (Mr. Gauthier) or is it in fact in the name of the House leader of the party opposite?

[Mr. Gauthier (Ottawa-Vanier).]

The Acting Speaker (Mr. Turner): Order, please. To my understanding, the original motion moved by the hon. member for Ottawa-Vanier has been withdrawn and the new motion stands in the name of the hon. member for Grenville-Carleton (Mr. Baker) and is seconded by the hon. member for Winnipeg North Centre (Mr. Knowles). Is that agreed?

Some hon. Members: Agreed.

Motion agreed to.

The Acting Speaker (Mr. Turner): Agreed and so ordered. The House will now proceed to motion No. 6.

* * *

EDUCATION

SUGGESTED ESTABLISHMENT OF OFFICE OF EDUCATION

Mr. Hal Herbert (Vaudreuil) moved:

That, in the opinion of this House, the government should consider the advisability of establishing an office of education, to conduct research in the provinces with the co-operation of the provincial governments and also in other countries, to consider the provisions of federal financial assistance for second language training in elementary and high schools and to disseminate information with a view to improving the education of Canadian youth.

He said: Mr. Speaker, the motion which we are considering goes back several years. It has been proposed in somewhat similar terms on previous occasions, and it orginated in 1971 at the annual general meeting of the Canadian Teachers Federation. At that meeting, the Canadian Teachers Federation advocated the establishment of a Canadian office of education. The basic concept has had the support of members of all parties.

In January of this year, in a publication issued by the Canadian Teachers Federation on policies and viewpoints on matters within federal jurisdiction, the federation stated that such an office would be responsible for the collection, organization and dissemination of information on a Canada-wide basis, as well as for the promotion and support of an adequate program of research in education. It would oversee a continuous study of the fiscal problems affecting education, and consult with provincial governments as to how these problems might be solved. Regional disparities in educational opportunity are a severe and persistent problem. The federal government has the fiscal powers, the moral responsibility and the administrative capability to reduce these disparities.

Policies of the federal government can and do have a real impact upon the quality of education offered by the schools. Federal-provincial fiscal arrangements have a decisive influence on the ability of the provinces to meet the cost of maintaining and improving the services provided by schools in their jurisdictions. Education in a democracy must foster the freedom of the mind. The essence of learning is access to information. Agencies of the federal government have the capacity for the provision of information relevant to educational planning. The federal government has both the fiscal capacity and the authority to act in the interests of all Canadian

children to alleviate interprovincial educational disparities. The federal government has a specific financial obligation to education, and to establish a system of equalization grants which will enable each province to provide an adequate and comparable standard of education for every child in this country.

A 1975 report of the Organization for Economic Co-operation and Development dealt at considerable length with educational policy in Canada, and the minister of education of the province of Ontario, the Hon. Tom Wells, was in general agreement with the need for national action. Section 93 of the British North America Act states that in and for each province the legislature may exclusively make laws in relation to education. Thus, Canada has developed a rather unplanned and until now problematical educational policy, though perhaps it could not be termed truly serious, something people are concerned about, in view of developments at the present time.

● (1712)

Nevertheless, it is a fact that school board expenditures per child in Ontario exceed comparable expenditures in the maritimes by almost 70 per cent. Surely, the federal government is already deeply involved. The Department of Indian Affairs and Northern Development is very much involved in education. The Department of the Secretary of State, as it applies to national libraries and museums, spends large sums on education. The Department of Regional Economic Expansion spends large sums supporting educational facilities. The Department of External Affairs is involved directly. The Department of National Defence is directly involved in education, as is the Department of National Health and Welfare and the department of manpower and immigation, now the Department of Employment and Immigration.

Presently, the federal government is spending well over $3 billion a year in support of education in various forms. Arguments concerning jurisdictional responsibility are too often politically motivated. Surely, education is too important to be treated in this fashion.

The motion makes no attempt to go beyond the present acknowledged jurisdictional responsibilities of the federal government. Federal financial assistance for second language training is already provided, although many of us are distinctly unhappy with the terms of the agreement under which this assistance is provided. Education is a national priority. The support of all parties has been given to similar previous motions. Therefore, I ask that everyone join me this afternoon in an expression of national unity by approving the motion calling upon the government to consider the establishment of an office of education.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. It is my understanding that motion No. 2, standing in the name of the hon. member for Lévis (Mr. Guay), that motion No. 3 standing in the name of the hon. member for Surrey-White Rock (Mr. Friesen), that motion No. 4 standing in the name of the hon. member for Ottawa West (Mr. Francis), and notice of motion No. 5 standing in the name of the hon. member for Egmont (Mr. MacDonald), will be stood. Is that agreed.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered.

Mr. David MacDonald (Egmont): Mr. Speaker, I will not take too long dealing with this particular matter. I believe there are other members who may want to speak, and I look forward to their contributions to this suggestion brought forward by the hon. member for Vaudreuil (Mr. Herbert).

I was disappointed in the way this motion was presented and the defence or the explanation presented by the hon. member. His last expression of opinion with respect to taking this action on behalf of national unity shows how little he understands the problems of national unity which exist in this country today.

Mr. Herbert: I understand the situation very well.

Mr. MacDonald (Egmont): I would appreciate it if the hon. member would extend to me the same courtesy which I extended to him. As one of the members of this House, I find this motion to be both contradictory and ill-considered. In its own way it represents, if I may say so, a further element of disunity with respect to something which has been basically a responsibility of the provinces since the beginning.

It is not really clear, from either the member's motion or his comments in the House this afternoon, whether he is trying to provide a resource to the provinces with respect to education, whether he is trying in a sense to take over some of the present powers or jurisdiction of the provincial governments—which seems to be implied in some way in his remarks—or whether he is trying to get at some of the present weaknesses with respect to federal funding for second language education in the provinces.

I would like to think there are some areas where the hon. member and I agree, and particularly I am thinking of his expression of dissatisfaction with respect to the effectiveness of provincial action in second language education. I am sure there are members on both sides of this House who are very much concerned about the manner in which hundreds of millions of dollars of federal money has been expended or made available to the provinces without any satisfactory development, in a number of instances and in a number of provinces, of an effective and helpful second language education program.

When the hon. member suggests that the federal government has the power to make a further intervention with respect to education in the provinces, that may well be the case, as has been exhibited by this government in other instances in terms of intervention. Whether it has the power is not really the question. The question is whether it has the right or whether it would be wise. When the hon. member talks about the need for national action, if I may say so, he confuses the real concern that all the provinces share with respect to their own educational resources, that is, the amount of co-

operation which takes place among the provinces in order to effect standards and upgrade educational programs, and the heavy-handed action which might be taken by a central government.

When the hon. member indicated that education is too important to be concerned about jurisdictional responsibility, he identified very clearly his lack of understanding as to how a federal-provincial system can work effectively in this country. Perhaps he reflects inadvertently some of the attitudes of his own political masters which have made life increasingly difficult for there to be, in real terms, both a federal government and provincial governments that can work together. The suggestions put forward by the hon. member in his motion and in his comments this afternoon would even further exacerbate present relations among the federal government and the provinces.

While I might identify with his concerns about the quality and the standard of education in this country, the action he proposes would not be effective in the final analysis. The hon. member did not refer to the fact that there is no way to be assured that the results he hopes to achieve would, in effect, occur. We should be concerned about the process of education as it operates in this country, not just for young people but in general terms, because education is a large component of our society.

I do not think the answer is in the establishment of a federal office of education. It might be better if we were able to understand some of the real problems being confronted today by the provincial governments. When the hon. member suggests that we should think about this as a tool for alleviating regional disparity, I think of some of the situations which have existed in my part of the world where the federal government, for reasons best known to itself, has made plans and introduced programs which were not related to the existing needs.

I hope this process of discussion during private members' hour will provide the members of this House the opportunity to realize that it is a federal system we have in this country, and it will not function effectively as long as we have the kind of recourse to unwarranted intrusions and the kind of waiving aside of provincial jurisdictions that are part of the basic fabric of this country. This is the only way we can effectively understand the various viewpoints of the regions and the various ways in which the disparate views and disparate approaches which exist in Canada can possibly be reconciled together into a workable Canadian federation. We have to be grateful to the hon. member for the opportunity of discussing those questions once again, but I cannot support in any way, shape or form the motion as it is presented.

Mr. D. M. Collenette (York East): Mr. Speaker, it is with great pleasure that I participate in the debate on the motion of the hon. member for Vaudreuil (Mr. Herbert). I am quite sympathetic with the basic thrust of the motion, although I would prefer it to be worded in a somewhat different manner. I will in due course explain my reasons for saying that. As Your Honour will remember, I rose second in the debate and you recognized a Conservative speaker. But I am glad to have had

[Mr. MacDonald (Egmont).]

the benefits of the arguments of the hon. member for Egmont (Mr. MacDonald), because he did not address himself to the substance of the motion of the hon. member for Vaudreuil as it appears before us. He gave us what is now a very traditional Conservative lecture on federal-provincial relations and told us how this terrible government is breaking up the country by virtue of the fact that it is stealing power from the provinces. Having served with the hon. member for Egmont on a number of delegations, and having worked with him in the House, I expected better from him this afternoon on what I consider to be a very significant motion.

● (1722)

One hundred years ago I believe that the Fathers of Confederation made a terrible mistake when they gave, in section 91 or 92 of the BNA Act, jurisdiction over education to the provinces. Of course, one should not second-guess the reasons of the Fathers of Confederation, and it is pretty easy to apply hindsight in such matters. But in those days they were probably justified, and I think they wrote a pretty good document anyway, so we can excuse them this one mistake. Nevertheless, it was a terrible mistake, for a couple of reasons. The first one has to do with the hon. member's motion, and it is that by virtue of the fact that each province was allowed to pursue its own path in education, we see variable approaches to second language teaching in the provinces.

Second, the fact that the provinces have power in matters of education has resulted in ten different sets of educational standards and has had, I believe, an adverse impact upon the labour needs of the twentieth century. I will go into that argument in a few moments. It is only with the election of the PQ last November that we have suddenly really concerned ourselves with minority language rights. I was a product of the Ontario school system. The second language training that I got in that system was very poor. In fact, the government of Ontario has perhaps one of the most abysmal records with respect to second language teaching, and it is abysmal for a significant reason.

The province of Ontario and the province of Quebec, Upper and Lower Canada—or Canada east and Canada west, as they were 100 years ago—were the two linchpins that formed this country. Yet successive governments in Ontario—the Liberal government was in power there for many years under Oliver Mowat, there was a farmers' government, and in the last 35 years since 1943 the PC party has been in government in that province, the same party as that of my friend, the hon. member for Egmont—have behaved like ostriches with respect to language rights in this country.

About ten years ago we had the national unity debate, we had the B and B commission and we had great discussions on the problems of Quebec and the feelings of Francophones that they were not being properly fulfilled within the Canadian confederation. In 1967, the Conservative premier of Ontario received a lot of publicity when he initiated the Confederation for Tomorrow Conference. In those ten years you would have thought the Conservative administration in Ontario would

have recognized its weakness in second language education and would have done something about it. Not only did they do nothing, they actually changed the education system, so that the second language teaching offered in Ontario at present is of a much poorer quality than when I went to school in the early 1960s.

It used to be that most students going to university required a second language. I think you had to have two papers in English and two papers in French or Latin, or three in mathematics. This was changed with the so-called new educational policy brought in by the then minister of education who happens to be the current Premier of Ontario, Mr. Davis. As a result, we find that kids going to universities in Ontario have not bothered learning a second language, whether it is French, German or Latin. In my view, learning a second language is a good thing from the Canadian perspective of national unity. It is also a good intellectual discipline to learn to speak two languages. But the Conservative government in Ontario has allowed second language teaching to almost die out. So when we consider the remarks of the hon. member for Egmont, we must wonder if the provinces have done such a good job with respect to education.

I made a proposal to the Secretary of State (Mr. Roberts) with respect to second language education. I believe that we, as the federal government, should establish this kind of office, this kind of liaison, with the provinces. I believe that we should require the provinces—and perhaps use our financial levers to do so through the aids to post-secondary education—to set linguistic standards for people going to university, so that anyone who is admitted to university in any province has a certain standard of knowledge in two languages, one of them being the official language. This would in no way discriminate against third language groups, or the so-called ethnocultural groups in this country; in fact, it would give them a boost. In Toronto there have been immigrants, in the last 10 or 15 years, from Italy, Greece and a host of countries.

I do not think it unreasonable that we should encourage the teaching of those languages and make it possible for students who have a knowledge of the language to gain a university entrance credit; indeed, it is part of the multicultural policy of the government. But this kind of system will have another positive effect, that is, to encourage both French and English-speaking parents to help their children study, not German, Latin or Italian but the other official language.

It is quite evident from what has been going on in Toronto in the last few years that there are more students willing to study French than the province of Ontario has provided schools for. It is my contention that English-speaking parents in the Toronto area would love to see a second language entrance requirement made for universities, and I am sure that those parents would encourage their children to learn French because it is one of the two official languages of Canada and it is the language of the federal government. That is the proposal I have made to the Secretary of State. It is one that I think should be considered.

Office of Education

The other aspect of provincial control in education vis-à-vis national control, or the establishment of a national education office as envisaged in the motion of the hon. member for Vaudreuil, is the fact that 100 years ago we did not have to worry too much about the mobility of Canadians. At that time, if you grew up in one province, by and large you spent the rest of your life in that province. Of course, it was basically a rural society, an agrarian society and there was no need for governments to be concerned with the impact of their education policy on the labour market.

• (1732)

Here we are, in 1977, with a very mobile population and with multinational and all kinds of national corporations, and I believe Canadians are hampered severely because of the disparity of education standards in this country. If you are an official with a national company living in Toronto, and you are transferred to New Brunswick, British Columbia, or to any of the other provinces, under the present system there may be a significant difference in the type of education in each province; therefore, your children, who are being dislocated anyway—they are being uprooted from one community and put into another—are going to be even more disrupted by the fact that there is no continuity in the educational system.

I suppose I am one of the "baby boomers", one of those who came on to the labour market in the last few years. I am one of the fortunate ones; I have a job, at least for the foreseeable future.

Mr. Knowles (Winnipeg North Centre): For another few months.

Mr. Collenette: However, it is very unusual for political science graduates such as I to be able to secure positions which are adapted to their education. We have created a whole generation of people who are not really suited to the labour needs of this country. I am going off the topic somewhat, but when we look at unemployment statistics and at the people who are unemployed or dissatisfied with their lot, we zero in on post-war children who are now adults, people born after 1945. We are the products of parents who went through two world wars and a depression. They worked hard and suffered the deprivations of the depression years. They have said to their children that they should not suffer the same kinds of hardship, that they should stay at school, get as much education as they can and not go in for blue collar work because it is grubby and not socially productive. Almost a class distinction between white collar work and blue collar work has been built up.

So a great many people have completed high school and university. I do not know why I went to university, except that my parents encouraged me. That was the thing to do in the sixties. It was only when I was in my second year that I realized what a university education was all about. But many of my contemporaries could not adjust. They could not come to terms with why they were in university. Some resorted to drugs, some to alcohol, and others dropped out. Some went

back to the land. We have heard about a back to the land movement.

I go through all this because I think our generation is symptomatic of the problem the motion of the hon. member for Vaudreuil seeks to correct. We need a national perspective on education. The hon. member's motion refers principally to linguistic rights—and as I said earlier, I am in absolute agreement with him—but I think there is a second and equally important matter, and that is the impact of education upon the labour market. Only now the provinces are starting to talk about upgrading of apprenticeship training schemes and upgrading vocational schools.

In recent years, in Ontario, we seem to have developed a very successful system of community colleges which teach various trades besides straight academic subjects. More and more students are going into these fields, and they should be encouraged to do so. However, if we had a national office of education, we could encourage people to think of blue collar work as very socially productive and fulfilling.

Last week in this House we heard about the INCO lay-offs, but how many of the people who were laid off really wanted to do the job they were doing? How many were not channelled, in the first place, into a career of their choice? The same question can be asked about people in the public service. There is an old adage: those who can, do; those who can't teach. When the baby boom dropped off, there were fewer teachers, and many graduates who were friends of mine started to come into the public service. I am sure many public servants are unhappy with their jobs because they never wanted to go into the public service in the first place. They never wanted to push paper or make administrative decisions. Perhaps they would be happier welding or doing certain work in a factory.

There is no national system of standards. There is no national education policy which can direct the energies and aspirations of Canadians. I am not suggesting, as the hon. member for Egmont suggested, that the federal government take over education. Goodness knows, we are probably into more areas than we should be already. We should probably be phasing ourselves out of some areas. Education systems should still be run by the provincial governments, but the federal government could establish broad national policies for both the labour market and for second language education.

I have gone on at length and I apologize to hon. members for my rather hodge-podge speech. I had notice of this debate only a little while ago. However, this motion underlines the whole constitutional debate in this country. I see that the hon. member for Egmont agrees with me. I think it was a week ago Friday, when I was speaking during the throne speech debate, that I said within five years we in this chamber would have to come to terms with restructuring, not just the House of Commons or the Senate but our entire system. We need to rearrange our entire constitution.

I welcome this opportunity to put forward some of my views on what I consider to be a fundamental question. The hon. member for Vaudreuil evoked cries of national unity, and it is quite obvious from the way members of the opposition react every time we talk about national unity that they are scared. They try to castigate our very honourable motives in talking about national unity. But the hon. member for Vaudreuil was dead on; he was absolutely right, that national unity is not just second language education. It is also the strength of the economy and the satisfaction and fulfilment each individual within the Canadian society can get, at whatever vocation he chooses.

In conclusion, I fully support the substance of the motion of the hon. member for Vaudreuil. I would like it to be expanded somewhat in order to put special emphasis on a national educational policy which would be adapted to the labour needs of the country. I urge the hon. member for Egmont and his colleagues opposite to reconsider this very sensible motion.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I did not intend to speak but when I heard what the hon. member for York East (Mr. Collenette) said earlier today, I felt I had to add a few comments on his speech. He said that the Fathers of Confederation made a mistake when they made the provinces responsible for education. I think he never did refer to 1887 when the Fathers of Confederation lived in Upper and in Lower Canada. I want to mention that during that time the English element represented the large majority and that Upper Canada led the struggle to ensure the right to education in order to avoid being integrated by French Canadians.

This is a little remark I want to make casually, and I think that the Fathers of Confederation have been very wise since these developments; as Canada grew larger we note that the English element was becoming stronger than the French element. Later the French element had a little advantage. The fact that education was exclusively under provincial jurisdiction was a kind of safety valve for the French element. And that is why sections 92 and 93 of the BNA Act have been well thought out for the two great peoples who live in Canada.

The hon. member was wondering whether the provinces had properly discharged their duties in the field of education. If one carefully studies Canadian history, one will find that one of the provinces which showed proper respect for minorities is still Quebec which has properly treated its minorities for the past 110 years and which will continue to do so. If the second language which is made official today by government action has not been respected, it was in the other provinces. If it has not and still is not treated as it should be, it was in the other provinces. So I invite the hon. member for York East to take a look at what is going on in his own riding and to refrain from trying to push the federal government in those sectors which were essentially entrusted to the provinces.

I believe all provinces are anxious to keep the areas they have decided to keep because back in 1887 the provinces themselves decided to keep such and such an area and to leave certain priorities to the federal government. They all decided to leave these sectors to the federal government so that it may rule on behalf of and with the consent of all provinces. I suggest to the hon. member that he reread the beginning of Canadian history, which will enable him to give a sounder

[Mr. Collenette.]

interpretation of the BNA Act because today many young people believe that it was the federal government which created the provinces. That is not so. The provinces created the federal government and they unanimously decided to keep those sectors they claimed were under their jurisdiction. That is why today if we want national unity each and everyone of us should have the freedom to act freely within his own province. That, I suggest, is the first prerequisite to national unity. He must also be given the necessary means to administer his province. When you wonder whether the provincial governments have been able to fulfill their responsibilities, I think the main problem arose especially from the time when the federal government, sometime in the 40's began to take over direct taxation areas which they had left untouched since 1887.

● (1742)

That is when the provinces were faced with some hardship for the first time, were in need of money, and even today this lack of funds prevents them from providing the necessary services to their citizens in education as well as in all other areas under the provinces' jurisdiction. I feel that as long as we do not give the provinces the financial means to administer those areas which come under their jurisdiction like education, what they need is not the equalization formula but tax points. Let us give them tax points and you will see there will be no more regional disparities because I am sure provincial governments are as clever as the central government; they are just as clever and able to administer themselves but let us give them back the rights they enjoyed and the taxation fields they had before the 40's, and I think that as a result we shall no longer say that the provinces are unable to administer such or such an area. Let us give them back their taxation field and then we shall see that the provinces are as progressive as the central government and that they are able to live in Canada while keeping their own identity and being free to act within their own jurisdiction to build a united and free country, through the freedom of the provinces.

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I cannot help reacting to the comments made by the previous speakers about educational resources. I think that we cannot apply to Canada the thesis according to which when you are rich you can deal with your problems. Among the richest provinces, Ontario in particular has not been more generous with its minorities than New Brunswick, Nova Scotia or Quebec. So I think that we are off on the wrong track when we say: let us put tax points at the disposal of provinces to solve the education problem.

The motion of the hon. member for Vaudreuil (Mr. Herbert) reads as follows: "—consider the advisability of establishing an office of education, to conduct research in the provinces with the cooperation of the provincial governments and also in other countries, to consider the provisions of federal financial assistance for second language training in elementary and high schools and to disseminate information with a view to improving the education of Canadian youth." We cannot reject a motion asking the federal government to coordinate action in the education field. As the hon. member for York East (Mr. Collenette) said, that is done at the economic level as concerns manpower. It has been said this afternoon that $3 billion had been spent for manpower, for reeducation and for readaptation of manpower to modern needs. The federal government did it to spur the economy and all the hon. member for Vaudreuil is asking for today is a better co-ordination. There is no province that can do it alone. There is no province which feels strong enough to say to the other: listen, we should work together to improve the lot of all Canadians. I think this motion from the hon. member for Vaudreuil must be considered seriously to meet the objective which was aimed at in St. Andrews last August.

I believe the education ministers met to discuss minorities' rights. And they tried bargaining. "If you can—Mr. Lévesque is speaking—give us Quebecers the guarantee that in your English-speaking provinces you will accept our French-speaking Canadians in duly constituted French schools, we from the province of Quebec will accept your Canadian immigrants." This is the worst kind of bargaining! And I cannot accept that premiers, whether they are independent or not, begin to bargain about my rights as a Canadian. As concerns language rights we are all equal, Francophones and Anglophones. I have the right to be at home in the west like in the east and I shall be at home in Ontario. I shall speak French in Ontario and I should like to see what government will prevent me from doing so!

[*English*]

I think the motion calls for further research, co-ordination of research and distribution of that research in the field of education. It is no secret that in this country we have ten different systems of education in the ten provinces. All boards do not accept that all Canadians equally have access to that system of education, because in eight provinces, if you are Francophone you cannot have access to post-secondary or secondary education. There is need for a co-ordinating body.

The hon. member for Vaudreuil (Mr. Herbert) mentioned—and I think it is a strong point—that there should be better co-ordination to allow people in Alberta who speak French to go to school in Ontario for secondary or post-secondary education, so that they can continue in the language of their choice, just as is done in Quebec and in Ontario. It is only in the last ten years that Francophones in Ontario have been able to go to the secondary and post-secondary level. That is a great help. It was not done by money, however; it was done by political people who had the will to do it.

Mr. Gauthier (Roberval): Justice.

Mr. Gauthier (Ottawa-Vanier): That is right, justice. The present system of education in Ontario, which has been in place for some years, provides that if you take 20 minutes of French for 8 years, say, or 13 years, you will become proficient in the language. That is nonsense, Mr. Speaker. They have been doing that for the last 15 or 20 years, but they cannot speak French at the end of 13 years. We may ask if we have wasted the money or have not motivated the children? I say,

let us look elsewhere. In England, for instance a study done over ten years showed that children who were exposed to 20 minutes of language training each day did not do as well as children exposed to two-hour sessions from the age of 14. The theory was that if you give enough of it, it will get into their heads; but it does not work that way.

The primary obligation of any school is to teach the maternal language first and then the second language. A lot of research has been done in Ottawa, and two years ago a program was funded by the federal government, to the tune of $2 million, to help local boards of education to experiment. The research showed that total immersion was possibly a good measure.

● (1752)

In England, as I have said, they made a study which showed that for children of 14 years and over it was just as good if they received two hours a week of language training as if they received 20 minutes every day. That is what my hon. friend from Vaudreuil was talking about. That is why I think his proposition is good. There should be a federal co-ordinator. Call it a bureau, call it a co-ordinator, call it what you like—somebody must take the initiative to show that in this country there there is a will and a consensus to make a concerted effort to gather from each other's experience, be it in New Brunswick, where they have bilingual education, be it in Alberta, where they have some form of it, or be it in British Columbia, where it does not exist.

Let all of us get together, and when the ministers of education report to their governments following the St. Andrew's conference in six months' time about the status of the minority groups in their provinces, let them sit down and say; "Let's put our heads together. We have a problem. Let's try and solve it on the basis of understanding, justice and equity."

[*Translation*]

Mr. Speaker, I would not want to speak too long because I know this motion can be subject to a long debate. We have heard about official languages, about the federal government's power to intervene in official languages. During the last decade, I believe the federal government made payments to the provinces in support of their second language teaching programs. In Ontario, we received about $20 million a year. I believe the total for the whole country is about $100 million a year, supposedly to help provinces teach the second language. However we must admit that this assistance has not always been spent the way it should have been. It is being admitted today that often alleged bilingual parking lots and bilingual gyms were built instead of using that money in support of second language courses.

The federal government has often asked the provinces for a report of expenditures, how and where the money is spent, and according to what formula. There is a federal formula which says that for each school boy or girl taking a second language, the federal grant will be 5 per cent and 1½ per cent for administration purposes. For minorities, the grant is 9 per cent and 1½ per cent for administration purposes.

I would be surprised if such formula was applied by the provinces for the benefit of the people to which it could be useful. We have had to discuss how the provinces have used that money. I think that the Secretary of State (Mr. Roberts) must negotiate or renegotiate those federal-provincial agreements on the second language. He will have to tell the House how the provinces spent those rather substantial sums. After that answer is provided, we will see if the funds were well spent or if they were adequate.

The hon. member for Vaudreuil dealt with a motion which I felt acceptable since it suggests coordinating provincial and interprovincial resources. I think, Mr. Speaker, that the motion should be passed, that we should proceed through existing organizations, either through the Minister of Education or the Council of the Ministers of Education in Toronto whose secretariat has performed excellent work. By introducing this motion today the member for Vaudreuil has shown a new aspect of the language issue, by asking that agency, either an office or a cooperating agent, to consider seriously the possibility of coordinating, studying more carefully and applying more thoroughly that experience.

[*English*]

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, very briefly, in the short time remaining to me I would like to thank the hon. member for Vaudreuil (Mr. Herbert) for bringing this matter once again before the House and affording to us the opportunity of putting forward the various points of view which exist among members.

I compliment the member for having done that. I agree with him to some extent in terms of the question as it relates to national unity, and I associate myself with the arguments which were put forward by the hon. member for York East (Mr. Collenette) when he pointed out that this was, in fact, a national unity question. I do not believe it is the only question, and perhaps it is only symptomatic of a larger question. I think it was unfortunate that the hon. member for Egmont (Mr. MacDonald) should take the position that this was an old party line and it was something which was not true. As speakers have indicated today, we started from a position where the federal government had little or no jurisdiction over education, and today we still work from documents which seem to show that the provinces have total jurisdiction in this matter. But when we look at the question historically, we find that the federal government has acted, not by way of interference, not by way of imposing itself upon the provinces but, rather, in terms of filling vacuums where the provincial jurisdictions have, for one reason or another, be it economic, as the hon. member for Roberval (Mr. Gauthier) said, or be it purely from lack of motivation, failed to take measurers within their jurisdiction.

A cry has been raised by the people of this country that they want something done. That cry has been heard by the federal jurisdiction and responded to. We need not go far to find that such a response was made when we started training war

veterans, when we started providing training in military institutions, when we started providing funding for second language training.

The hon. member for Vaudreuil pointed out, quite correctly, that we have reached a stage where we are spending close to $3 billion in funding language training, co-ordination and assistance. I would add that initially and ultimately the initiative still remains with the provinces, and we should point out to the provinces that they are not doing enough. I think we can be satisfied, from arguments made by representatives of all the parties today, that the provinces have left something to be desired and that they should be co-ordinating themselves.

Mr. Speaker, I see that my time has expired.

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until 8 p.m., at which time the House will consider a motion to be moved by the Leader of the Opposition, pursuant to Standing Order 26.

At 6.02 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ILLEGAL ACTS COMMITTED BY FORCE

Mr. Speaker: Order, please. By application earlier this day by the hon. Leader of the Opposition (Mr. Clark) and later in the day by the hon. member for Oshawa-Whitby (Mr. Broadbent), as a result of which leave having been granted to the hon. Leader of the Opposition to move the adjournment of the House pursuant to Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the revelations on Friday, October 28, 1977, by the Solicitor General (Mr. Fox), that the RCMP has in the recent past illegally entered premises to steal information concerning a legal political party, which raises major questions of policy and procedure in the vital area of national security, accordingly the motion is as follows: It is moved by Mr. Clark, seconded by Mr. Broadbent:

That this House do now adjourn.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, it is not a happy occasion for the House of Commons or for the country that it is necessary for us to meet in a special debate tonight to deal with the matters which have given rise to this debate.

RCMP

On at least four occasions we now know that the security service of the RCMP broke the law of Canada in the name of national security. Incidents that we know about involve the raid on L'Agence de Presse Libre du Québec, the burning of a barn near Montreal, the theft of dynamite, and an illegal activity resulting in information about the membership lists and the financial affairs of the Parti Québécois. There may be more.

This evening an Ottawa television station reported that in 1971 security officers infiltrated the so-called Common Front established during that period by the three labour unions in the province of Quebec and, among other things, stole from those organizations documents dealing with their bargaining position and their strategy vis-à-vis the Bourassa government.

I hope that the Solicitor General (Mr. Fox) will deal with this report when he speaks in the debate later tonight. I hope too that he will tell us whether he was correctly quoted as saying that the probability of more incidents coming is quite high and, if that is the case, he will advise us now, tonight, of the nature and the extent of other illegal acts of which he has knowledge.

Those are the illegal acts that we know about, acts in the name of national security. However, it is important for this House and the country to remember that this same phrase has been invoked to prevent the Laycraft inquiry in Alberta from learning more details of a bugging operation, and invoked also to prevent the Laycraft inquiry from investigating the use of an agreement between the Department of National Revenue and the RCMP, an agreement still in effect, which violates the confidentiality of income tax files. It was for related reasons that the government consistently refused to answer questions placed by my colleague, the hon. member for Yukon (Mr. Nielsen), concerning the activities of various security committees of the Government of Canada.

Mr. Allmand: Nonsense.

Mr. Clark: The former Solicitor General says nonsense. There is no question at all that that kind of conduct by the government is nonsense.

Some hon. Members: Hear, hear!

Mr. Clark: Everyone accepts that, in the modern world, governments have to authorize and follow some secret activities. But we must be alarmed about the apparent pattern of breaking the law which has emerged in the last few months, and we must be alarmed about the use of "national security" as an excuse to hide a multitude of sins. Why not tell parliament about the activities of General Dare and Colonel Bourne? Why not let the Laycraft inquiry carry out the investigation it was established by the Attorney General of Alberta to carry out? Why not do those things?

We are also alarmed about the fundamental although separate question of who authorizes and controls the security apparatus of the Government of Canada.

Attention has focused recently, unfortunately, on the Royal Canadian Mounted Police. Naturally, if the RCMP breaks the law, it must bear the consequences. However, many of the activities that have come to light have not been performed by rank and file members of the RCMP, but rather by the special security service.

It is important to dwell a moment on the relationship of the security service to the RCMP. Theoretically, it exists under the Commissioner of the RCMP. In practice, it is directed by a director general who, whatever his relation to the Commissioner, also reports directly to the Solicitor General, and, on occasion, to the Prime Minister (Mr. Trudeau). There is a very real question as to whether the activities of the security service are activities which the Commissioner of the RCMP is authorized to control.

That raises the basic question: who sets the policy of the security apparatus in Canada? Who polices that apparatus?

We know who should set the policy and police the activities. In our system, cabinet should set the policy, control the security service, and bear the responsibility for any excesses by the security service.

Some hon. Members: Hear, hear!

● (2012)

Mr. Clark: It appears that the cabinet is not carrying out that responsibility. I say "appears", Mr. Speaker, because there are at least two interpretations of those facts which have become public since the spring of this year. One interpretation is that ministers are not meeting their responsibility to oversee and control the security service. The other interpretation is that the cabinet is setting policy, whether through Colonel Bourne or General Dare or the cabinet committee on security and intelligence chaired by the Prime Minister, but will not accept responsibility when things go wrong.

There is a lot of evidence that we have to consider when looking at the question of who is in charge, in fact, of security policy in this country. We have to bear in mind that a former solicitor general, the Minister of Supply and Services (Mr. Goyer), as debate in this House earlier this year indicated, deliberately chose not to ask questions it was his duty to ask.

We have to consider the behaviour of the next solicitor general, the current Minister of Consumer and Corporate Affairs (Mr. Allmand). He was solicitor general for almost four years from 1972 to 1976, the period in which virtually all of these activities took place. On the weekend, as reported by the news media, this minister said that he did not think that he has been told about the theft of the PQ computer list, but he was not sure.

Mr. Allmand: I did not.

Mr. Clark: He now says the news reports were wrong. This afternoon, through the mouth of the current Solicitor General, we are told that the Minister of Consumer and Corporate Affairs is now absolutely certain that he knew nothing about any illegal activity. If we are to believe the government's story, the Minister of Consumer and Corporate Affairs was told in March, 1976, while he was still Solicitor General, of the 1972 illegal break-in at the APLQ office. Yet there is no evidence whatsoever that even with this specific information before him he made any real effort to find out what other incidents of that kind might have occurred while he was the minister responsible to this parliament.

We have heard the Minister of Consumer and Corporate Affairs heckling across the aisle tonight. I would hope that he would enter into the debate tonight—

Some hon. Members: Hear, hear!

Mr. Clark: —and that he will tell the House of Commons of Canada in detail precisely how he exercised his responsibility in each of the cases which have already been made public here.

Mr. Allmand: This has already been told.

Mr. Clark: I want to turn now, Mr. Speaker, to the present Solicitor General who has held that position since September, 1976. He must have known shortly after he took office about the details of the APLQ break-in. Even the government admits that it knew those details in March, 1976. Yet it was not until January of this year, nine months after he became Solicitor General, that the present minister bothered to tell parliament and the people of Canada anything about that affair.

On June 17, you will remember, Sir, he told this House that the APLQ break-in was, and I quote his words, "exceptional and isolated". He was at some pains to assure us that he had no evidence whatsoever to suggest that other illegal acts had been committed by federal security services. Now, barely five months later, he has come back before parliament to admit more such incidents—we do not know how many more.

According to the minister, he found out about these latest incidents a week ago. This time it took him a full week to get around to notifying parliament and the people of Canada, and then he chose the last day of the throne speech debate, on the last day of the week, so that he could be free of immediate questioning.

I think it is also important, Mr. Speaker, for us to point out on the record that the Solicitor General of Canada made these announcements last week because he knew that if he did not "come clean" before the House of Commons, the evidence of break-ins would become known to the Parliament of Canada through provincial inquiries or other means. In other words, he did not tell parliament because he wanted to; he told parliament because he was forced to.

I was interested in the question period this afternoon to note that the Solicitor General, in answer to a question of mine, ascribed to the director general of the security services the authority for discussing, and I believe he said approving, the break-in at the Parti Québécois offices relating to—

Mr. Fox: You called it a break-in; I did not.

Mr. Gillies: What do you call it then, a cover-up?

Mr. Alexander: Now relax, take it easy.

Mr. Clark: Mr. Speaker, the Solicitor General is worried about the word. He knows more about this incident than the House of Commons does.

Some hon. Members: Hear, hear!

Mr. Clark: He told us today that it was the director general who was involved in discussions and who authorized—he will interrupt me if I am incorrect—whatever action led the security services to be in possession of membership lists and financial information regarding the Parti Québécois. He said today that the authority rested with the director general. The question for the House of Commons and for the minister is: who gave the director general that authority? To whom does he report? With whom did he have the responsibility to clear that action? Where was the Solicitor General? Who is the responsible minister in this House?

Throughout all this, Mr. Speaker, the government has not been particularly forthcoming with information which the House of Commons and the country requires so that we can know exactly what went on in this case. Indeed, there have been attempts as recently as the question period this afternoon to try dramatically to put down questions from this side of the House so as little as possible would be known about these events.

There are a number of specific questions which I want to put on the record tonight in the hope that the Solicitor General and others who might speak will address their minds to them. But there is one other matter which relates to the possibility of having a full inquiry into the question of the responsibility of ministers of the Crown for the activities of the security apparatus of the Government of Canada and the authority on which security forces in this country are acting. We would prefer to have a special committee of this parliament struck with the full powers to carry out the investigation, to gather the evidence, to subpoena the witnesses, which would result in a clear picture being painted for all the people of Canada as to what exactly is going on here. That is what we would prefer.

The minister instead says that we have this already. We have it in the McDonald royal commission. If that is to be the minister's response he knows that we at least, and many others in this country, have very serious reservations as to whether or not the terms of reference of the McDonald inquiry are broad enough to allow that inquiry to look at the central question, which is: what was the role of the minister in all of these affairs? What is the responsibility of the cabinet in all this business?

I suggested in July of this year that if the minister wanted to continue to hide behind the royal commission the least he could do would be to write into the terms of reference of that royal commission a provision which would make it absolutely clear that it had the responsibility to report upon the role of ministers of the Crown. Once again I should like to suggest to the minister, if he intends to continue to hide behind the royal commission, that he add to the terms of reference of that commission another term of reference, which I would be pleased to read, namely:

RCMP

To investigate and report on the manner in which Solicitors General and the Prime Minister have exercised their constitutional obligation to supervise fully the activities of the security service of the Royal Canadian Mounted Police, and report thereon to the Parliament of Canada.

I would hope that this debate tonight will begin the procedure of spelling out the relation between the security officers of the Government of Canada and the ministers of the government, and will begin to ensure that we can have some accountability to the House of Commons, through ministers, for the activities of the security services.

● (2022)

Some hon. Members: Hear, hear!

Mr. Clark: I know my time is running out in this debate—

Some hon. Members: Hear, hear!

Mr. Clark: —but I should like to add for the record a number of questions which I hope the Solicitor General will answer tonight when he enters this debate.

First, we want to know whether there are other incidents of illegal activity by federal security forces of which the Solicitor General now has knowledge. If so, we want the minister to tell the House what they are, when they happened, and specifically, under whose authority they were carried out.

Second, we note that the Prime Minister said that in 1973 or 1974—he is not sure—he ordered the security forces to stop systematic surveillance of the Parti Québécois. We want to know what information the Prime Minister had at that time about the existing surveillance of the Parti Québécois, and in what form did he order it stopped. Was it done in writing? If so, to whom, and with what provisions for enforcement?

By its own version of events, the government—at least the then solicitor general and the Prime Minister—learned in March of 1976 of the illegal break-in at the APLQ office. We want to know what specific steps they initiated at that time to ensure that this was, in fact, as they claim, "an exceptional and isolated" incident. Why, again by the minister's version, did it take until September of 1977 for information on three further incidents of illegal activity to come to the attention of the government?

According to the minister, it has been standard practice for some time for the Solicitor General of Canada to meet on a weekly basis with the director general of security services. In all frankness, I have to ask the minister the following: is it the contention of the government that the question of illegal activities by security services was not raised during those meetings? Those meetings would have numbered well over 100 during this period. Is the Solicitor General trying to tell us that he did not raise questions with the director general about these matters? Is he telling us that he raised those questions and received false information? We want to know what went on in those meetings. We want to know the state of knowledge of the minister or his predecessors.

Some hon. Members: Hear, hear!

RCMP

Mr. Clark: In light of the most recent allegations made tonight, we want to know whether federal security officers infiltrated the so-called Common Front of Quebec labour unions in 1971 and stole documents on that organization's bargaining position and strategy, documents which were subsequently turned over to the government of Quebec. If that was the case, we want to know on whose authority, and if ministers claim they did not know, we want to know why they did not know.

We want to know if security officers stole dynamite from a Montreal contractor in the hope that blame for the theft would be placed on some separatist group and, if so, we want to know who authorized that theft, when and how was the Solicitor General informed of it.

We want to know whether any internal disciplinary action has been taken against the officials which the Solicitor General alleges were responsible for those illegal activities. We want to know whether those files have been referred under federal statute to the Minister of Justice (Mr. Basford).

We have heard about information contained on computer tapes relating to the Parti Quebecois. We want to know whether that information was turned over to the Solicitor General or any other member of the federal government. We want to know whether the government now has any of that information in its possession in any form.

It is important to the House of Commons and to the people of Canada to know what has been the role of the cabinet committee on security and intelligence, a committee chaired by the Prime Minister of Canada. Was information on any of these illegal activities brought to the attention of the committee or its secretary, Mr. Pitfield? We want to know what instructions or directives have been issued by that committee to federal security forces in regard to possible surveillance of political parties, in particular.

Finally, we want to know what assurances, if any, the Solicitor General has given to the McDonald commission in terms of its access to federal documents free of the use of section 42(2) of the Federal Court Act, and its right to inquire into the particular role and responsibility of ministers, including the Prime Minister, in federal security operations.

Those are some of the questions which exist in relation to the responsibility of this government for security activities which we now know have resulted in at least four illegal acts that have come to be known publicly in the last four months. There has been an attempt made at suggesting that the authority for these matters rests solely with the director general, a public servant. We want to know where the Government of Canada was throughout all of these matters, the government that is responsible to the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: We want to know why there has been an attempt to stonewall legitimate questioning by this side of the House.

An hon. Member: Even when we tell you, you do not listen.

[Mr. Clark.]

Mr. Clark: We want to know this in order to determine all of the evidence and all of the information concerning these matters. We want to know these matters as soon as possible.

Mr. Baker (Grenville-Carleton): Right now.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the basic facts relating to the debate tonight are as follows: as a result of information provided in the last 72 hours, we now know that there was a break-in at the Parti Québécois office on January 9, 1973.

Mr. Lalonde: No.

Mr. Broadbent: And, no doubt, it was an illegal break-in.

Mr. Lalonde: You are wrong on the place.

Mr. Broadbent: We also know that the Parti Québécois has alleged—and there is no doubt in anyone's mind—an illegal theft of dynamite and the illegal burning of a barn. These are the crude facts; but what is involved is something well beyond the crude facts. First, there is the principle of the rule of law, and that is, the principle that all citizens, including politicians and policemen, must act in accordance with the law established by the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: Second is the very important notion of ministerial responsibility, including that of the Prime Minister of Canada (Mr. Trudeau). This notion, ancient in the history of parliament, entails the obligation of ministers to ensure that on matters of policy and in the implementation of law they obtain the compliance of all the people within their departments, all the people for whom they are responsible. It also entails the moral obligation to inform the people of Canada in the House of Commons if and when there has been a clear breach of the law within their departments, and the obligation to ensure that all such activity is stopped forthwith once it is discovered.

What is the recent record on these two important democratic principles as administered by the current government? I will not be concerned in my comments this evening with the illegal break-in in the fall of 1972. There has been much said about that, particularly during the closing days of the session last spring. I will not be concerned about the allegations of the RCMP burning private property and stealing dynamite. I want to concentrate on the break-in at the offices of the Parti Québécois on January 9, 1973, the implications of such actions, and most particularly, the government's responsibility in this sad affair.

There can be no serious doubt now about who authorized this break-in. It was the director general of the security services at the time, Mr. John Starnes. This has been asserted by the Solicitor General (Mr. Fox), although he refused to name the individual. He named the position, he did it on the telephone with me last Friday and he did it in his statement in

the House in general terms the other day. He asserted it directly today, without naming the individual, in answers in the House today.

• (2032)

Mr. Woolliams: Right on.

Mr. Broadbent: What has to take place—and this is the unfortunate, serious aspect of that illegal activity, presumably by that individual—is the laying of criminal charges against all those involved. Historically—and I regret very much to have to say this—this means another sad chapter in the otherwise noble history of the RCMP in Canada.

The implications for Canada at this time are, of course, unfortunate in the extreme. The Parti Québécois is currently waging a battle, perhaps the most serious battle in the history of our country, for the hearts and minds of the people of the province of Quebec. The Parti Québécois is claiming that the only way that Quebecers can legitimately pursue their own best interests is in an independent state. In the context of this effort by the Parti Québécois we must keep in mind that that party is not only organized democratically but has obeyed fundamentally all the democratic norms of our country, and although we may fundamentally disagree with its objectives, as all of us in the House do, none of us has disagreed with the democratic procedures that it is using.

Among the arguments that they are making is that the federal Government of Canada has frequently and arbitrarily imposed its wishes and programs on the people of Quebec. My point in this circumstance is obvious. What could be more arbitrary, more wrong, and more unjust than a calculated, illegal break-in on their premises, not in the heat of crisis in 1973, as the minister and the Prime Minister would like to have us believe, but in the relatively calculated calm of 1973? What could be more injurious to the arguments put forward by federalists in the province of Quebec than to have a federal police force, the RCMP, doing such a calculated, evil act? What could give the Parti Québécois more legitimate concern that it was done under the federal political direction than the fact that at this time the RCMP acted alone, they were not accompanied, as they were in 1972 in another break-in, by the Montreal police or by the provincial police of Quebec?

In that particular instance it was a break-in into the Parti Québécois office, a legitimate party in that province. The RCMP, a federal force, acted completely alone, unaccompanied, I repeat, by police forces from the province of Quebec. What kind of a weapon has the federal government now given to the Parti Québécois? This is a truly sad episode in the history of our country. This is truly an act of potentially tragic consequences for our people, and as such, whatever illegal course of action was taken by the RCMP on their own authority, the Liberal cabinet cannot escape its responsibility in this matter.

Some hon. Members: Hear, hear!

Mr. Broadbent: It is central to the whole history of the notion of ministerial responsibility that the politicians who hold the ultimate power also assume the ultimate responsibility.

Some hon. Members: Hear, hear!

Mr. Broadbent: I say in this context that no spurious argument put up by the Prime Minister or the Solicitor General can obscure this important, democratic reality which, up to the present time, all of us in Canada have taken for granted. I want to say through, you Mr. Speaker, to the Solicitor General that this particular line of responsibility will be pursued in the House tomorrow, the next day, and the day after that, until we get some important matters clarified.

Some hon. Members: Hear, hear!

Mr. Broadbent: Now I want to turn directly to the Prime Minister's responsibility in this matter. I say that it is the Prime Minister and no one else who is responsible for the ultimate integrity of the cabinet. It is in him, whoever he may be at the time, that all the people of Canada must, in the crunch, have moral confidence. I regret to say that the grounds for that trust in the present Prime Minister have now been, in my view, completely shattered, and I will explain why.

First, during the judges' affair about two years ago, and then last spring during the first round of debates on the illegal activities of the RCMP, the Prime Minister indicated a willingness to condone moral slackness in his ministers, and to accept it even in his own behaviour. In both those situations there were unequivocally clear examples in which ministers of the Crown either committed a wrongdoing themselves, or, by simply refusing to ask the relevant question—known, I suggest, by any adolescent viewing the circumstances of the time—they ensured that they would not obtain personally implicating information.

Many Canadians were evidently prepared to accept this moral sloppiness last spring, and before that two years ago in the judges' affair. However, I ask you today, how many can accept the Prime Minister's performance in this sad affair? According to his own words, he learned of the 1973 break-in at least nine or ten days ago for the first time. Accepting this, at least for the moment for the argument, I want to ask the following question: did he then proceed to check out and verify what apparently was brought to his attention, and then immediately inform the House of Commons? Of course he did neither of these.

Quite deliberately, and there is no doubt at all about this in my mind, the information was withheld from all the members of parliament for all of last week. Then it was casually and cynically released on Friday in a routine speech by the Solicitor General in an otherwise routine debate. Carefully it was calculated that opposition members would not be able under the circumstances to assume their responsibilities in this system in which we live, by posing the relevant questions. The Prime Minister was not even present at the time, and I assume that he knew that he could convince at least his own col-

leagues, if no one else in the House of Commons or outside of it, that he had a splendid excuse for not being in the House today or tomorrow because he could claim that he had a previously arranged meeting with two premiers in western Canada. By the time he gets back to the House of Commons on Wednesday, the Prime Minister—and I mean this—no doubt calculated that the whole thing would be brushed aside with two days of skirmishing in the House of Commons, and he would escape scot-free.

Mr. Woolliams: Absolutely.

Some hon. Members: Hear, hear!

Mr. Broadbent: I ask, is this a man concerned with parliamentary tradition, not the spurious traditions but the traditions connected with the rule of law and with ministerial responsibility? Is this a man who has accepted the onerous moral responsibilities of being Prime Minister in this country? To ask the question under these circumstances is to answer it. It is clearly the situation that he has failed to accept the most elementary of moral responsibilities in these circumstances.

● (2042)

Additionally, I cannot in any way accept at face value the ingenious and imaginative answers the Prime Minister gave to journalists who questioned him on this matter last Friday afternoon. The Prime Minister said, when he first learned of the RCMP surveillance of the Parti Quebecois, and I quote the following gem, "Gee, we've got to stop this. We can't go on exercising surveillance on a democratic party". Well, gee whiz—

Mrs. Holt: Read the whole quote.

Mr. Broadbent: You will get your chance in a minute.

Mr. Allmand: There is more dishonesty in this House tonight than there has been in a whole year.

Mr. Broadbent: This alleged shock of the Prime Minister should convince no one on either side of the House. Why do I say that? I say it because of related statements concerning the same issue, and I ask the former solicitor general to read the record carefully himself and see if in all candor he can accept this bundle of contradictions.

What else did the Prime Minister say as reported in the *Globe and Mail* last Saturday? He said he could not recall whether it was in 1974 or 1975 that he first learned of this surveillance of a democratically constituted and democratically functioning political party in Canada, yet he was amazed and shocked. He also said he could not recall whether he was told at the time whether the RCMP had obtained a list of PQ memberships. The specific words attributed to the Prime Minister are as follows: "Maybe they," the RCMP, "did tell me". Well, maybe indeed they did, Mr. Speaker.

I simply cannot accept the contradictions implied in this series of assertions by the Prime Minister last Friday. If the Prime Minister was shocked and said, "Gee whiz, what is going on, this must stop", then surely he must remember the year. Surely he can remember whether he was told if the RCMP had a list of PQ members. If the shock is there, how could his memory suddenly disappear from related facts that are inextricably connected to such an alleged expression of shock?

If anyone can accept these contradictions—and I have my doubts if any impartial person could—I have another question. If we accept the contradictions there have been so far, how can we at the same time accept the next claim made by the Prime Minister that he did not under the circumstances ask the RCMP if its surveillance was all done within the framework of law? I find that an impossible situation.

Does the Prime Minister think that the RCMP got the list of members by telephoning the PQ and having the PQ voluntarily send it out? Does he think that the list of financial contributors was voluntarily provided by the PQ? Speaking for myself, I do not accept an affirmative answer to those questions in any sense. I say that only a man who did not want to know the answers would not have asked the questions under those circumstances, and only a Prime Minister who has failed in his moral obligations to the people of Canada would have failed to ask them. The same man is the Prime Minister who failed in his obligation to be here today to answer questions and to take part in the debate.

This situation is a sad one. It is a sad day for parliament and for Canada, and I hope that the historical results which may occur from it will not be as negative in the long run in the history of our country as they could possibly be.

Some hon. Members: Hear, hear!

Hon. Francis Fox (Solicitor General): Mr. Speaker, when the opposition moved for an emergency debate this evening, we on this side did not object to having that debate.

Mr. Alexander: What do you mean object? You had no choice whatsoever.

Mr. Fox: We hoped we would have an opportunity this evening to have a constructive debate. However, it seems quite clear from the type of remarks which have been made on the other side of the House that we can expect neither constructive debate nor respect for the facts as they actually exist and as they have been given to the House of Commons over the past few days. I say "constructive debate" because the matters we are talking about are matters which really go beyond partisan politics. They are matters which affect the national security of this country.

Some hon. Members: Hear, hear!

Mr. Fox: Not one word was mentioned this evening about the type of mandate which has been given to the security service of this country, and since hon. members seem to have overlooked it, I would like to mention it quite briefly. The security service of our country is involved with affairs regard-

ing essentially matters of sabotage, espionage from outside the country—

An hon. Member: Burning barns.

Mr. Fox: —matters of subversion, and matters of terrorism. Hon. members opposite can say what they want, but the question of terrorism, either national or international, as recent events around the world have shown, is a real concern to all democratic countries. There is, of course, the whole matter of foreign intelligence operations in and against this country. There are the essential elements of the mandate the government has given to the security service of Canada. It is an extremely important mandate: the continued well-being of this Confederation and of our Canadian society depends on it.

However, since hon. members opposite wish to home in on some of the unfortunate events which have happened within the security service over the past years—incidents which cannot be condoned in any way whatsoever—I would like also to remind hon. members of the thousands of operations which have been carried on on a day-to-day basis by members of the security service of this country.

Why is it that we can only speak about the things which do not work out? Why is it that we can never speak of the magnificent job done by—

An hon. Member: Come off it, Fox.

Mr. Fox: The opposition does not like to hear me speak of the good work done by the security service. The opposition does not want me to talk about the magnificent job the security service, and the RCMP in general, did during the course of the Olympics in Montreal. The opposition does not want to hear what other security services around the world had to say about the magnificent security requirements which were fulfilled by the RCMP during the course of those Olympics.

Some hon. Members: Hear, hear!

Mr. Andre: We liked the musical ride, too. Get to the point.

Mr. Fox: Nor do they mention the work of the security service as far as foreign intelligence operations are concerned. We have not heard them mention the incident in which certain Cubans were sent out of this country as a result of the work of the security service.

• (2052)

Nor have we heard them mention the case of the Japanese Red Army agent deported from this country last year because of the excellent work of the security service.

Mr. Broadbent: That has nothing to do with the debate.

Mr. Fox: Let us get back to some of the basic facts in this matter. It is far too serious a matter for me to indulge in the kind of childish play in which the opposition is indulging.

RCMP

Last July the Government of Canada set up a royal commission of inquiry into the practices and procedures of the RCMP. Why, Mr. Speaker? The answer is quite clear.

Mr. Broadbent: You had no choice.

Mr. Fox: The reason the commission was appointed at that time was clearly because a number of complaints were made to me as Solicitor General following an initial statement made in the House on June 17 concerning the APLQ incident. At that time these complaints were examined. Some had the appearance of being founded in fact, and the government thought it absolutely essential, as the Commissioner of the RCMP also thought it essential, for the reputation of the RCMP, that these matters be brought to light and examined by an independent and impartial outside body.

Hon. members opposite suggest that every complaint that has come in since that time—and there have been many complaints come in since that time concerning the criminal investigations side of the RCMP, concerning the security services side of the RCMP—what the opposition is suggesting tonight is that I try these people on the floor of the House of Commons. They suggest I divulge names here and that I reveal to the House every complaint. That is exactly what the Leader of the Opposition (Mr. Clark) suggested, Mr. Speaker.

An hon. Member: We called for an inquiry.

Mr. Fox: He suggested I reveal tonight the totality of complaints made against the RCMP since the month of July. That would amount to trying people on the floor of the House of Commons, without the opportunity to defend themselves completely.

The opposition suggested during the course of debate that we should set up the commission of inquiry. It was eventually set up so that these matters could be looked into and examined by an outside, impartial body. If the RCMP had examined the complaints themselves we would have heard the cry from the other side of the room that it would not be an independent or impartial examination. Now we have established a royal commission, with a judge and two commissioners, to take evidence under oath and cross-examine.

It has escaped the attention of members opposite that the commission also can do something that is extremely important, and that is to give the individuals in question the right to a full defence, the right to explain their actions, and let it be known exactly why they acted in the manner they did.

It has also been made quite clear that in the event any evidence came forward to the commission of an illegal act, those matters would be brought to the attention of the relevant prosecutorial authorities. That matter is very clear.

The opposition says that the terms of reference of the commission of inquiry are not wide enough. If they would only read the terms of reference of the inquiry they would see that those terms are extremely wide.

An hon. Member: It is not the RCMP that is on trial, it is you people.

Mr. Fox: Term (b) of the terms of reference refers to the right and duty of the commission to report the facts relating to any investigative action or other activity involving persons who are members of the RCMP. That gives the commission of inquiry the right to examine any illegal activity, and follow it wherever it leads. If it should lead to a minister of the Crown, it is the right and the duty of the commission to do so.

Mr. Clark: That is not clear.

Mr. Fox: That is very clear in the terms of reference.

An hon. Member: Read them again.

Mr. Fox: I have read them time and time again, and I am satisfied that is the case. We have set up a commission of inquiry and we have referred to that commission all the complaints we have received to date. These complaints will be examined by that impartial, independent body.

Tonight the opposition asks us to tell whether there will be any other cases of illegal acts committed by the force. Mr. Speaker, it is quite possible that in the course of investigation by the commission, while it goes through the files of the force, or in the course of examining witnesses under oath, other cases of illegal activities may come forth. It is an indication of the fundamental position of the government, and of the fundamental position of the Commissioner of the force, that if there have been any illegal acts they ought to come out in the light of day and any individuals involved in those acts should face the due process of law, as would any other Canadian.

Mr. Woolliams: What about the ministers?

Mr. Gillies: Does it include ministers of the Crown?

Mr. Allmand: Yes.

Mr. Fox: It is quite clear, Mr. Speaker, that there have been some illegal acts. It is also clear that the RCMP, in the overwhelming majority of cases, has always acted within the limits of its mandate and within the rule of law. That is part of the clear directives given to the director general of the security services by the government and also by the Commissioner of the RCMP.

Mr. Forrestall: Most of the time, but not all of the time.

Mr. Fox: In conclusion, Mr. Speaker, I should like to go over some of the procedures adopted by the government and by the security service in order to ensure that there is indeed greater accountability procedures within the force. This has been a source of constant concern and preoccupation for the government. It dates back to the 1969 royal commission when the government asked a royal commission, made up of a number of eminent Canadians, to examine the problem. It produced a number of recommendations, some of which were accepted by the government and some of which were not. The government also went even further than some of the recommendations.

In 1971 the government set up the police and security planning group which has received a great deal of criticism in this House. That group was designed to help provide a more sophisticated analysis and to process information coming in. In 1974 we had the Official Secrets Act in which parliament defined for the first time the term "subversion." Within that act, an obligation was put on the RCMP security services to obtain the authorization of the Solicitor General of the day in any matters requiring wiretapping or electronic eavesdropping. While this was only adopted in 1974, previous solicitors general applied the rules of the 1974 legislation within the ministry of the solicitor general before the act was actually adopted by parliament.

In 1975 the government gave a new and clear mandate to the RCMP, which was followed by cabinet directives in 1976, as I mentioned in my speech in the House on Friday.

In 1976 the Marin commission was established and the report will be implemented in the course of the present session. In the spring of 1977 within the security service there was established an operations review committee with the function of examining the operations of the force on a current basis to ensure operations would come within the mandate given to the force by the government, and also to ensure that the operations are carried out within a legal framework. This operations review committee and the director general have access to senior justice officials.

In 1977 we have the new royal commission of inquiry which will be looking at some of the fundamental problems that face the security services. In that regard I would very much have appreciated receiving some constructive comments from the opposition this evening about the fundamental dilemma that faces any security service in any country. This is a dilemma that was identified by the royal commission in 1969. Obviously, however, members of the opposition have decided they would prefer to criticize and downgrade our institutions rather than make constructive comments on how we can improve the situation.

Some hon. Members: Hear, hear!

• (2102)

Mr. Fox: This fundamental dilemma is one which I intend to see is brought to the attention of the royal commission on security.

[*Translation*]

Mr. Speaker, it is quite a dilemma, because after all what we say and what the royal commission observed back in 1969 is that a security service is expected to carry out its operations strictly within the law. I totally agree that it is essential that a security service should carry out its operations within the law.

Mr. Speaker, it is also obvious that under the present provisions of the Criminal Code, some situations are completely nonsensical. For instance, as I said in the House this afternoon, a security officer who would try to secure a code

from a foreign country might be accused of burglary. It seems to me that it is a totally preposterous situation which must be corrected at all costs. As for me, I intend to make representations in this connection to the McDonald Commission.

Mr. Speaker, I hoped that on such a fundamental matter, the opposition might also consider some responsible ways of amending our legislation so as to prevent such situations in the future.

[*English*]

It seems to me that all of us in this House have a responsibility to ensure that the security services of our country are effective. Everyone here says publicly that the security service is essential to the continued existence and survival of our democratic country but we do not seem ready, in all corners of the House, to give the service the necessary powers or the necessary mandate. Perhaps there are areas in which additional powers ought to be given to the security service as long as additional safeguards are also provided.

It seems to me that if we are talking about a security policy we would do well to progress a little more toward a non-partisan approach because this is a matter which goes beyond the realm of party politics, beyond being a member of the Liberal party, or of the Tory party or of the New Democratic Party. it affects the very survival of this country and one would expect that, when there is a debate on an issue of such fundamental importance, we might be able to count on the opposition making construcive rather than destructive speeches.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, while listening to the reply of the Solicitor General to the Leader of the Official Opposition or the leader of the New Democratic Party, it was quite obvious that he felt a little lost and that he tried to deviate from the specific purpose of this debate, because we have not discussed this evening the extent to which the legislation should be amended to avoid a repetition of what has happened. We will have to clear up the matter so that Canadians will know what were the true reasons and the intentions of the authorities when they directly or indirectly authorized illegal acts, acts of vandalism or burglaries.

Mr. Speaker, it is about time that our citizens realize that even in this country there are shameless abuses of power. This is undoubtedly due to the fact that even in our western democracies, we have not yet learned to differentiate between power and authority, so that those who are entrusted with power think that they have the necessary authority and they put those two different things together to do as they like.

Mr. Speaker, I am a little ashamed today of being a Canadian. For years, we have been making fun of some South American countries because the authorities there rule the roost using their police for political purposes. We see that regularly in the news and we think that it is happening a thousand miles from here. Yet, Mr. Speaker, we have had for many years in our own country a dictatorship like those which exist in banana republics and which are using their law enforcing agencies to achieve their own ends.

That is a very serious abuse which we must denounce. People must know whom they are dealing with. People must realize that for the past few years we have witnessed a parody of democracy in this country. Mr. Speaker, when a government has reached the point where it makes use of law enforcing agencies to achieve its own political ends and, which makes things even worse, condones accordingly their illegal activities, the least we can do is wonder where we will end up this way. On the other hand, the government should stop pleading the security of the state over and over again, for the only real agents provocateurs are the very people who are in power now. Mr. Speaker, I cannot help comparing this situation with those I denounced in 1970, 1971 and 1972. I remember taking part in Montreal in a radio program during which the Minister of Supply and Services spent his time denying what I was saying.

As a member of the Committee on Broadcasting, Films and Assistance to the Arts, I was present at a meeting where the authorities of the City of Montreal appeared, and I heard the Montreal mayor, Mr. Lucien Saulnier, the then Director of the City of Montreal, and Mr. Côté, the head of the Legal Services Branch, explain how the FLQ operated, what went on within the various cells, and the Montreal mayor stated that on many occasions he had advised the Prime Minister and the Solicitor General of what was going on. This took place more than a year before the so-called October 1970 crisis.

● (2112)

Mr. Speaker, a police force that sets fire to a barn, breaks into a press agency, steals lists of members of a democratically elected party, a police force that allows itself to do things like that also allowed itself to infiltrate FLQ cells in 1969 and thereby bringing about the crisis we had in 1970. I know this is a very serious charge I am making, Mr. Speaker, but I maintain it because it is time that once and for all the Canadian population know that there are in this country people who have lost their reason, people who cannot accept the changes that are taking place in Quebec, people who only a few months or at most a year ago thought Quebec emancipation and free development were only velleities, people who spend days and nights trying to find a way of crushing people who only want to be free and happy.

When people have such an erroneous idea of the collective "vouloir être" of a whole nation, of a whole people, they try by all means to justify a radical and unreasonable action against these people and, as these people do not take such actions, they are the first ones to provoke them to justify before the whole country their efforts to crush down this emancipating movement which is originally a very sound one.

They will say yes to destroy the country. Let us stop those idiocies. How many Quebecers are there now in power in Quebec as here in this House? Since when did they suggest they wanted to destroy the country when all they want is to reorganize it, to restructure it so its fundamental entities could really be free and equal? Why call all those who want to free themselves and their minds, why call them terrorists, why

accuse them of threatening state security? No, Mr. Speaker, that game has just been unveiled.

Mr. Speaker, those who have been using negativism for years to try and destroy the basic aspirations of a whole nation are getting back smack in the face today the result of that boomerang they dared throw. It is not surprising that today if we know certain very specific facts and very specific circumstances it is because the government objectively decided to reveal those facts and circumstances. Absolutely not, Mr. Speaker! The only reason that forced the Solicitor General (Mr. Fox) to make the statements he made Friday was that he knew quite well that in any case following the line of action taken by the government of Quebec the Keable Commission was there, and those things were going to come out. They decided in favour of a policy of lesser evil and to disclose themselves what they knew was going to come out in a couple of weeks or months. And even the minister says there could be more. Mr. Speaker, it is too bad, we have gone beyond that stage where we could be made to believe stories by individuals more concerned with partisan struggles than anything else. I talked today of the stupefaction that gripped a lot of Canadians when I pointed out that that revelation had astounded several people. Well, today I received by special delivery a letter from a citizen who is not happy with what is going on. This will become generalized and those who will have provoked Canadian citizens will have to suffer the consequences. I would like to quote from this letter dated October 28, 1977. I shall not mention the name of the man concerned to avoid the possibility that the RCMP will break into his premises, but this Friday, since this letter is dated October 28, 1977, from Ville LaSalle, when this man heard on television what was happening, he sat down at his desk and took his pen to write me a letter. Why? Because he was greatly indignant. Here are a few passages from this letter:

● (2115)

Sir, I maintain that it is inconceivable for such a thing to have happened. Is all this not a follow-up on the October 1970 crisis, for which, in passing, the war measures are still in force? Is this action aimed at suppressing the right of anyone to belong to the political party of his choice? There is every reason to believe that certain people want and look for provocation. There are indications that certain people try to hide the truth. If certain present and past members of Parliament and ministers of this government have acted and are still acting hypocritically, the public is entitled to know.

As a citizen of Quebec and a Canadian—

—and he says in brackets—

—(for the moment) and as a member of the Parti Québécois and a federal government employee, I demand that the actions of the Royal Canadian Mounted Police come to light and that the present government, the Prime Minister, the ministers and the Solicitor General be asked to reply to certain questions. I have known for a long time, sir, that we are being watched, but I refuse to be used as a political tool and for the political purposes of the Liberal party.

As a French-speaking member of parliament from Quebec, you must urgently ask these questions in the House. If certain people wanted to bring together the present Quebec government and the federal government, theirs is definitely a lost cause in view of these developments. If we must now come back to a "Believe or die" attitude, I would prefer to die. It is only through a public inquiry and with impartial people (not Liberals)—

[Mr. Matte.]

—this is between brackets—

—that we will be able to get to the truth as far back as October 1970.

What has just come to light, Sir, is the straw that broke the camel's back. Small wonder then that we should have witnessed so much commotion on the part of this government since November 15, 1976 in an effort to do as much harm to the present Quebec government through all sorts of statements and commissions.

Mr. Speaker, I read the spontaneous reaction of a Canadian citizen who is a member of the Parti Québécois, which he chose freely and who, I hope, enjoys that freedom; and now this fellow learns that this list was in the hands of my friends across the way. If one stops to think of it even briefly, it is absolutely awful. The former speakers asked a lot of questions, which of course were not answered: but how did that ever happen? How come we learn in 1977 what was known to be illegal and irregular in 1975, as the right hon. Prime Minister said himself, and even in 1975? How did that happen? Does that mean that, had it not been for special circumstances, no one would have known those actions were taken? No, we cannot accept such things. How many other similar activities may have taken place, and what, if we go back further than 1973? As far as I know, in 1973 nothing special could justify such actions; so, if that is the case, if we let those who are in power also have the authority to decide whether or not they can do this or that, then democracy is done for.

Mr. Speaker, the worst has happened to democracy, it is done for. Anyone can be a suspect, the hon. member for Champlain (Mr. Matte), the hon. member for Villeneuve (Mr. Caouette), or any member of this House. Under the pretext of the security of the state, electronic devices are put in offices, homes are being searched and documents are taken from files. It is frightening, Mr. Speaker, and I do not believe the leaders of a country should be allowed to behave in this way because of an unfortunate incident that happened in 1970. And as I said earlier, I believe it has been brought on by these same individuals. When a situation of this kind arises, serious questions are being asked and we must have answers. It is said, and the minister repeated it, the McDonald inquiry now in progress will reveal a number of things.

Mr. Speaker, once more I agree with the previous speakers who say that the terms of reference of this inquiry do not confer all the authority, all the power to bring out the whole truth. Such an inquiry should go back to the years 1970, 1969, 1963. Such an inquiry must go back to the time of the Maison du Pêcheur in Percé, when RCMP officers were members of FLQ cells. That inquiry must go back to every incident that happened through the years, the blame for which was put on Quebecers in order to tarnish their ideology.

Mr. Speaker, those times are over. We must have the truth so the people can judge the actions of their leaders. Mr. Speaker, there have been too many serious incidents, the ramifications of which could have been more disastrous still than has been experienced. There have been too many tragic incidents indeed for their causes and reasons to remain untold. I therefore ask that the light be made not only on the break-in that secured a list of members of a political party, but also that an inquiry be made into what extent the RCMP infiltrated the FLQ and are therefore responsible for certain acts that have

been perpetrated during that difficult period we went through. It should need to be explained, for instance, how come RCMP officers were tenants in the apartment above that in which James Cross was held prisoner.

Mr. Speaker, all those questions will have to be answered. All these circumstances must be brought into light under which the government lost their heads. Because this is the kind of nonsense that happens when one loses one's head. And when on November 15 we heard the right hon. Prime Minister (Mr. Trudeau) and other ministers come one after the other to utter the most horrendous stupidities, they proved once more they were losing their heads. It is a dangerous thing to be governed by people who lose their heads. This is why the people must be informed. Hypocrisy must be exposed. We must know exactly who we are dealing with, what kind of people we have as a government, because in my view they are getting less and less worthy of it.

So, and I would conclude on this, let not the Solicitor General think that we do not want to be constructive. We do want to be constructive to the extent we want the government to get out of there. After abusing their powers, after tampering directly with individual freedoms, they have no right to be there any more. This is being constructive. When the people find that some government went contrary to the bill of rights itself it is in my view a very constructive step to get rid of individuals that are now trampling on liberty and democracy in this country.

● (2122)

[*English*]

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I listened with great interest to the remarks of my hon. friend, the Solicitor General (Mr. Fox). I agree with the previous speaker, the hon. member for Champlain (Mr. Matte), that the Solicitor General did not really come to grips with the substance of what we are discussing here tonight.

I must say at the outset, Mr. Speaker, that the Solicitor General is wrong when he suggests that we are trying to try the RCMP in the House of Commons. What we are seeking to do is to get information about this incompetent government. The Solicitor General has said, in effect, that we have not dealt so far with matters of substance. Well, he is a fine one to say that under the circumstances, but I want to assure him that I and members of my party do in fact have matters of substance and policy which we have worked on, and which we are prepared to put forward at any time. But I think it is asking a bit much tonight, under the circumstances, for me personally to make the type of speech I intended to make, in which I intended to bring up, among other things, some of the background of the RCMP, as this force has evolved from a territorial force into our national police force, with constitutional complications in the process.

Indeed, Mr. Speaker, there are, as it is becoming more and more evident, complications between Section 92(14) of the BNA Act, which gives exclusive jurisdiction over the administration of justice to the provinces, and some other sections, such as perhaps Section 91(7), which do not, in my opinion, necessarily give the RCMP the kind of mandate which it has had to assume because of the neglect of this government in implementing some of the recommendations of the Mackenzie commission, which were made ten years ago.

I intended to deal, Mr. Speaker, with a lot of other matters of substance; to put forward my thoughts on why the Minister of Justice and Solicitor General of Quebec Marc-André Bédard, has found it necessary apparently to threaten to put the RCMP under the Quebec police commission; as to why the Solicitor General of Alberta, Mr. Foster, has had to complain publicly at the highest levels of the RCMP about the kind of intrusion into provincial jurisdiction which the force and federal authorities have found it necessary for their purposes to perpetrate. I had intended to do a lot of these things, Mr. Speaker, but under the circumstances, in view of some of the relations which have come forward, I want to say a few things tonight about my own experiences in the House, and about the lack of frankness and the lack of facts which I have encountered.

I want to say to the Solicitor General that when he deals with facts I will stake my record in this House against his.

Some hon. Members: Hear, hear!

Mr. MacKay: The former solicitor general seems to have something to say about that; I hope he will say it later on. I think it would be useful to remind the House, as we are now considering a time frame extending back to the 1970's, that the solicitors general, some of whom are sitting opposite, have had ample opportunity in the House to respond truthfully to specific questions from this side of the House. In fact I want to cite now an example where I was given false information, but being a good natured type, as every member of this House knows, I did not want to make an issue out of it.

I refer to an incident which took place on February 2, 1976, where I questioned the basis on which the security services were dealing with a man named Mitchell Bronfman, and where indeed circumstances were such that Mr. Bronfman contemplated suing the force, the security services, for their activities. The parliamentary secretary to the solicitor general of that day said to me—I will not repeat all of his remarks because they are in *Hansard*. Some of them suggest that I should have my head examined for even bringing this up.

Some hon. Members: Hear, hear!

An hon. Member: Then sit down.

Mr. MacKay: I see some members opposite agree. If I should have my head examined, Mr. Speaker, then I leave it to the Canadian public to say what should be done with members opposite. The parliamentary secretary to the then solicitor general told me, as reported at page 10562 of *Hansard*:

> With respect to the earlier matter of whether Mr. Bronfman was persuaded to drop legal proceedings for defamation . . . against certain RCMP personnel, the Solicitor General has received no information on this.

He then went on to say I should not make such innuendoes and that I should be prepared to sustain innuendoes with facts.

Well, Mr. Speaker, as soon as the hon. member had finished this diatribe, I proceeded over to his seat and showed him a copy of a security services report labelled "Top Secret", in which Chief Superintendent J. L. Forest stated, among other things: "The only reason I met Mr. Bronfman was because of his threatened legal action against Inspector Robichaud and I think I have dissuaded him from taking such action or lodging a complaint with the minister".

I then said to the hon. member that it was regrettable that the minister did not know what he was talking about, or at least would not be honest with one of his peers in the House of Commons. In other words, Mr. Speaker, I have documentary proof that the solicitor general of that day and his parliamentary secretary, through whom he presumably spoke, were unable or unwilling to be honest with me as a member of the House on this matter.

It is also useful to point out that on June 5, 1976, I said quite directly to the Solicitor General that he had those responsible for the illegal break-in at the APLQ investigating their own break-in, and that at that time he had the opportunity to set the record straight but did not do so.

It is also fair to remind the House that on December 2, 1976, in the Standing Committee on Finance, Trade and Economic Affairs, I said to the minister of industry, trade and commerce, with respect to a matter involving Statistics Canada with which I was concerned, that I was happy that the RCMP were looking into the matter, but that I was rather amazed to find out that they were concerned not with the failings of anything which Statistics Canada were doing but were investigating myself in regard to where I was getting my information. Nothing was said later on about the Solicitor General's comment to this, either.

• (2132)

Tonight I am prepared to put forward another bit of startling information I have received. I must say I have some confidence in my source. I have learned that the government is no longer prepared, apparently, to trust the RCMP with the sweeping and other counter measures that are normal for government communications, but instead have turned this over to the military. This has been going on for some time. The military is now doing in this respect what the RCMP used to do. I will want to question the Solicitor General about this later.

An hon. Member: And others.

Mr. MacKay: Where are we going in this country? Where are we going in this country when there is no trust between our national police force and our national government?

Some hon. Members: Oh, oh!

Mr. MacKay: As Your Honour is aware, there was a transmitting device planted by someone in the lining of a chair in my office. I do not have the slightest idea who is responsible for it being planted there. I hope the Solicitor General will do his best to find out.

Some hon. Members: Oh, oh!

Mr. MacKay: I think this is only a symptom of what is going on in this country and in this government.

Some hon. Members: Hear, hear!

Mr. MacKay: Personally, I do not get too excited if some thwarted mind puts a bug in my premises. I have very little to hide. It is interesting to consider that people like me, members of parliament and ordinary citizens, are being followed and spied upon and, more likely than not, the Solicitor General, who has a responsibility for overseeing the complete works of the RCMP. In fact the statutes indicate that it is under his direction. In my opinion, rightly or wrongly, he has a responsibility for what those under his guidance and direction are doing.

Mr. Alexander: Nor does he try to find out.

Mr. MacKay: Because a succession of solicitors general have been so incompetent or so lazy and have operated on the need not to know, this force has not been kept under the type of surveillance by government as to what it is doing that the people of Canada have the right to expect.

Some hon. Members: Hear, hear!

Mr. MacKay: Examples are rife in other countries which indicate that where ministers have unfortunately been caught in situations similar to the situations in which some of the ministers opposite have been caught, they resigned out of a matter of long standing tradition in parliament, a matter of parliamentary responsibility.

An hon. Member: Such as Nixon.

Mr. MacKay: For example, the justice minister in one of the German states resigned within 24 hours after the tragic events in the jail at Stuttgart. Surely that minister is a better example of parliamentary procedure than any conduct I have seen here so far.

Some hon. Members: Hear, hear!

Mr. MacKay: This government will not be responsible for very much. It is not responsible for the events in Quebec. It blames that on Mr. Lévesque. It is not responsible for inflation. That is economic forces outside the country.

An hon. Member: It is the weather.

Mr. MacKay: The government is not responsible for unemployment. That is caused by the general economic slump in the west. Certainly it is becoming more and more evident that this government is not responsible for anything. In fact it is irresponsible.

Some hon. Members: Hear, hear!

Mr. MacKay: Have we reached the stage where the police make their own decisions without telling their political masters? Have we reached the stage where the political masters do not care to find out or do not want to find out?

An hon. Member: Maybe they know already.

Mr. MacKay: Who is running this country? Is it the police? Is it the bureaucrats?

An hon. Member: Certainly we know it is not you.

Mr. MacKay: It is certainly not me, but I would suggest to the hon. member opposite that I have done more to shed light on what is happening in this country than he has.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. MacKay: It is pretty obvious that members opposite are rather discomfited and disconcerted by some of the revelations which are coming out tonight. I will be particularly anxious to find out more about the background of the withdrawal of responsibility from the RCMP and turning it over to the military. As well, I will be interested in finding out if the Solicitor General really has a handle on the operations of the special "O" branch which he mentioned today. I would be interested in finding out if the Solicitor General has a handle on what is going on, because it is becoming obvious that his predecessors certainly did not. If they did, they have managed to conceal it with the kind of cunning one would hardly expect on the basis of their ostensible performance.

An hon. Member: How about some facts?

Mr. MacKay: Members opposite want facts. I have given facts already. When I listened to the Solicitor General groping around and asking the opposition to supply policies and facts, as we have done on so many occasions with respect to taxation, economics, and other things, then I say to myself: if this government does not have the resources, the integrity or the ability to run this country, why do they not simply pack up and go home?

Some hon. Members: Hear, hear!

Mr. Paproski: They are just a bunch of phonies.

An hon. Member: There is no replacement at all.

Mr. MacKay: The hon. member opposite indicates that there is no replacement. Any replacement would be an improvement over what we have.

Some hon. Members: Hear, hear!

Mr. MacKay: This government is so incompetent that it is not confronted with insurmountable obstacles. They are confronted with insurmountable opportunities. That is how bad they are.

Some hon. Members: Hear, hear!

An hon. Member: Did you get that one, Hughie?

Mr. MacKay: It is pretty obvious that we require some sort of an inquiry that is far more sweeping and far more—

Mr. Poulin: Like Hamilton Harbour?

Mr. MacKay: I am glad the hon. member for Ottawa Centre (Mr. Poulin) has referred to the Hamilton Harbour matter.

An hon. Member: Try another one, Hughie.

Mr. Gillies: How many guys are in jail on that one?

Mr. MacKay: I remember when we had that famous meeting with the Standing Committee on Justice and Legal Affairs where the two solicitors general sat there like two owls, with the RCMP Commissioner in the middle. For two hours they proceeded to dance around and not give us any information. I remember quite well what the then commissioner, Mr. Nadon, admitted. He admitted that it was quite possible in the Hamilton situation that there were activities, in the files, by the SS of which he was not aware. I remember that very well.

Mr. Poulin: You did not answer the question.

Mr. MacKay: I hope the hon. member opposite will get up and say something constructive. We would all be very interested in hearing what the hon. member for Ottawa Centre has to say.

Mr. Muir: He sits on his brains.

Mr. MacKay: The hon. member for Cape Breton-The Sydneys (Mr. Muir) says, "He sits on his brains". That may well be true. I never examined his anatomy that closely, because frankly it did not interest me.

Some hon. Members: Hear, hear!

An hon. Member: That is where he is bugged.

Mr. MacKay: I wonder if he were bugged whether he would know it.

Mr. Baker (Grenville-Carleton): Try again, Hughie.

Mr. MacKay: As the Solicitor General has said, we must address ourselves to ironing out a situation where two royal commissions in this country are being obstructed by the Solicitor General and other members of cabinet in getting information.

Some hon. Members: Hear, hear!

Mr. MacKay: We have to find out why the Solicitor General was not able to give me an unequivocal answer today, that there was no problem with surveillance, bugging or mail interception, with any member of the Laycraft Commission of Inquiry. I put that question to him, and he never answered it. He could not give me that kind of unequivocal assurance.

I would like to know why it is necessary to have the provisions of Section 41(2) of the Federal Court Act invoked under circumstances best described by Mr. Justice Deschêne of the Quebec Superior Court when he dealt at some length with a situation where this particular regressive statute was involved. It was the case of two young girls who were discharged from their employment at the Olympics. It would be interesting for all members to read the scathing remarks by Mr. Justice Deschêne regarding the appropriateness of the invocation of that regressive statute in a case which had been taken up by the Quebec Civil Rights Association. That is the kind of cover-up and the kind of abuse of statutory authority of which this government is guilty.

Some hon. Members: Hear, hear!

Mr. MacKay: There are many other members who wish to speak tonight, but I should like to say in closing that I understand the reason why the Prime Minister (Mr. Trudeau) could not be here. I make nothing of that, because I assume he will come as soon as he has the opportunity. Perhaps he will be able to shed some light on some of these things. But I wonder, the way things are going, if we will see the incredible situation here in the House of Commons when the Prime Minister will stand up and say, "I am no crook".

• (2142)

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, we witnessed today an incredible performance on the part of the Solicitor General (Mr. Fox) in answering a most serious charge. The charge is that the Solicitor General and the Prime Minister (Mr. Trudeau) of this country do not understand what is at issue in this debate. What is at issue is whether the rule of law will prevail for this government, for the police forces of Canada, and for all the people of Canada. Not once did the Solicitor General answer that particular proposition.

We are in real danger in this country. We sit in the House and we rant and rave about young people breaking the law. We are concerned with labour unions which do not abide by the law, but the law begins at home. It begins with this government, and it begins with the police forces of the country. They must honour the law of the country if we are to have respect for law at every level, and the government has failed to provide that kind of leadership.

Tonight we witnessed the Solicitor General wrapping himself in the flag and saying, "Oh you fellows over there are just carping about the RCMP. Why don't you talk about all the wonderful things the RCMP has been doing?" I want to say, Mr. Speaker, that I am proud of the RCMP. I have always supported the RCMP.

Some hon. Members: Hear, hear!

Mr. Leggatt: They are one of the finest police forces in the world. I want to say one other thing. It is the opposition that is protecting the reputation of the RCMP.

Some hon. Members: Hear, hear!

[Mr. MacKay.]

Mr. Leggatt: It is the opposition that is trying to protect the RCMP from being destroyed by an incompetent government and an incompetent minister. That is what is happening.

We cannot start this debate without trying to distinguish between political dissent and subversion, and this government has failed to understand the difference. The record shows it over and over again. In fact I will provide a memorandum to the Solicitor General. I hope he is paying attention because this is a further piece of evidence. I want the Solicitor General to read this memo, because I want him to establish its validity. It is one further reason why this government fails to understand that it is all right to attack a government but it is not all right to plant bombs. But, you see, they have been in power so long that they cannot understand the difference. "L'état c'est moi, l'état c'est nous." This is their philosophy. To be a Liberal is to have the divine right to run things in this country. That is what we have seen ever since I came to the House in 1972. They have never understood the difference.

Some hon. Members: Hear, hear!

Mr. Leggatt: The story was told earlier in the House about activities whereby the common bargaining position of the Common Front in the province of Quebec was illicitly obtained. That information subsequently found its way into the hands of the Liberal provincial government in Quebec. Those people have a right to have a common bargaining position, they have a right not to be wiretapped, spied on and broken into, and, yes, the PQ has the same right in the province of Quebec as does any other legal political party in Canada. But that distinction is not understood by the government. In fact the PQ has made a fetish of running around the province of Quebec and saying, "We are the legal government". They have done it consciously and deliberately so that they could gain support, and they have been successful in doing it. Surely this is one party that would bend over backwards not to engage in subversion if it could possibly avoid it because it would destroy its credibility in the province of Quebec.

Now I want to turn to the province of British Columbia where we had a recent ferry strike. In that province the chairman of the British Columbia Labour Relations Board is a man called Paul Weiler, the head of the B.C. Federation of Labour is a man called Len Guy, and the head of the B.C. Government Employees' Union is a man called John Fryer. I have never heard a scintilla of suspicion raised against any one of those three people in terms of subversion. However, we have been through a crisis in the province of British Columbia, we have been through an abrasive ferry strike which fortunately is over now. But I will give the Solicitor General this memo and I want him to check it out because I am worried that it might be a valid memo. It is a memo to the Minister of Labour (Mr. Munro) from the Hon. Allan Williams, from his special adviser, Col. Robin Bourne of security planning and analysis. I will read it into the record. It reads as follows:

Our investigation of Mr. Paul Weiler, chairman of B.C. Labour Relations Board, has now been concluded. We will forward our report to you under separate cover in the next few days. Your requests pertaining to Messrs. L. Guy

and J. Fryer are being processed at this moment and will also be forwarded to your office as soon as possible.

Some hon. Members: Oh, oh!

An hon. Member: Political surveillance.

Mr. Leggatt: I hope that the Solicitor General will be able to tell me that the source of this memo is false or that the person who provided this memorandum to me and to several other people is operating under something that is wrong or false. But I have to rely on this memorandum and, when I look at it, it appears to be legitimate. We have tried to check it out and we find it looks legitimate.

What is happening in this country? These are legitimate trade union leaders acting in a legal and constitutional way.

The government should try to distinguish between subversion and political dissent. Please, I urge it to do that or we will not survive as a nation, and its members will be the authors of disunity as a result of this kind of attack on legal organizations, because the same is true of the break-in at the PQ.

What else is there in the background that we do not know about? It is the failure to distinguish between legal political dissent and subversion. The Solicitor General spoke about terrorism all over the world. God knows we are against terrorism wherever it occurs, but it is interesting that West Germany, which has faced more terrorism than we have, did not need a War Measures Act because they have a government that has some understanding of the rule of law and of civil liberties.

An hon. Member: What about the recent prison murders there?

Mr. Leggatt: I do not know where the hon. member for Vancouver-Kingsway (Mrs. Holt) gets her information. I was told they were suicides, and I rely on the information I received that they were suicides in that instance.

An hon. Member: She talks to Mackenzie King.

Some hon. Members: Oh, oh!

• (2152)

Mr. Leggatt: I do not want to reduce the level of this debate to the facetious. I think it is too important in terms of the liberties of the people of Canada. The most incredible statement of all was when the Minister of Justice (Mr. Basford) referred to the climate of the times in 1973 in terms of the PQ. We were both in the House together at that time. We both sat in committees together. We knew what the climate of the times was in 1973. We knew that a Liberal government in the province of Quebec was in trouble. We knew that this federal government was anticipating a very important election. We knew about Watergate. That was the climate of the times in 1973.

What the people need is a new weather map because hon. members opposite do not understand the climate now. They do not understand the traditions upon which this country was built. I have sat with the Solicitor General in the Standing Committee on Justice and Legal Affairs from time to time. From time to time we are given private briefings about subversive groups in Canada. I appreciate the briefings that are given, and we all keep them private, yet what do I find when I pick up a newspaper?

In Saturday's *Globe and Mail* we read that the Bourne Group passed on lists of groups of people deemed potentially subversive or violence prone. These groups were CUPE—the Canadian Union of Public Employees—the National Farmers Union, and the Indian Association of Alberta. Those are three of the groups that were named.

Mr. Broadbent: Oh, they are dangerous!

Mr. Leggatt: I have sat through those private briefings—and I know many other hon. members have—and never once were those "subversive" organizations named to ordinary members of parliament. Are they being named to the Solicitor General as subversive elements in this country? I have to say that I have a strong suspicion that they are and that the Solicitor General may be acting upon that kind of information. The whole question of determining what is subversion and what is political dissent is one to which the Solicitor General and the Prime Minister must direct their attention, and they have not done it.

According to the government, there may have been some technical violations of the law, but the information was returned to the PQ. I have been through almost every maximum security institution in Canada, and there are many people in them who would love to return the goods they have taken, and get out. That is not an excuse. By God, we have to show leadership, and the leadership begins here at this level, honouring and obeying the letter of the law.

Some hon. Members: Hear, hear!

Mr. Allmand: Did you read the guidelines of 1975?

Mr. Leggatt: Today we heard the opposition criticized. There has been the suggestion that this is a destructive debate and that all we do is carp and criticize. We do have a role to play.

Mr. Allmand: You said nothing was done.

Mr. Leggatt: I will review the 1975 guidelines, but the government should review the whole record of its administration.

Some hon. Members: Hear, hear!

Mr. Leggatt: We are suffering the legacy of an unnecessary War Measures Act, and the destruction of the law since that event took place has continued to this day. This government provided the opening and the opportunity for the PQ to become the government of Quebec, and this government is the architect of Canadian disunity.

However, there are some things we can all do together. The question of severing the security and intelligence branch from the RCMP is one which must be seriously considered. The Solicitor General referred to this. The use of a Supreme Court judge should be considered so that warrants can be obtained in camera, if publicity would destroy particular investigations. A civilian commissioner for the RCMP must be given serious consideration, given what we have seen. These recommendations were made by our former leader, M. J. Coldwell, and his fellow royal commissioners. There has been ample information to indicate to the government the kinds of problems it has been getting into, and it has failed to act. It is either negligent, naive, stupid, or a combination of all three. Or perhaps it is remarkably venal.

Mr. Broadbent: Or a combination of all four.

Mr. Leggatt: Or a bit of all four, but the rule of law is for you, Mr. Speaker, for me, and for everyone.

Mr. Allmand: We all agree with that.

Mr. Leggatt: You may agree with it, but act on it. That is the message the government must get through its Liberal arrogance.

Mr. Allmand: The Solicitor General referred all the cases to the attorneys general of the provinces.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for New Westminster (Mr. Leggatt) has the floor.

Mr. Leggatt: In terms of sensitivity to the question of civil liberties even the Nixon administration in the United States finally knew it was doing wrong. It finally conceded that it was not the whole state and that an attack on the Nixon government was not an attack on the United States itself. I do not believe this government quite understands that yet.

This government does not quite understand that we can attack a Liberal government without being subversive. It is still living under the illusion that it has the devine right to run the affairs of Canada, but the Canadian people are fed up. The days of this government are numbered. It has had it!

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, this evening, despite the importance of the debate, one realizes with regret that discussions are inspired more by political considerations than the will to find a sound solution to the problem. When one hears hon. members of the opposition speak of the PQ, when one realizes to what extent they are outraged by the possibility that the offices of a legal political party may have been broken into illegally, well, first of all as a Quebecer I really feel embarrassed to see that the police force of the federal government, as well as some provincial police forces such as the Quebec Police, or that the police of the city of Montreal should be implicated in certain events which, to say the least, leave us perplexed. But when people talk of the climate in 1973, and members of the opposition speak of the climate in 1975, a few years are being overlooked, Mr. Speaker.

• (2202)

In Quebec and Canada but more particularly Quebec since this matter deals with a Quebec political party, we tend to forget that back in 1964 a few bombs exploded here and there and that acts of terrorism, alien to our way of life, took place in subsequent years. One can argue about violations of individual and collective liberties but it must be admitted that most unusual events happened including the murder of a provincial minister. These are things, Mr. Speaker, that we should remember. A peculiar phenomenon took place. This may be the kind of phenomenon that happens in a country in the midst of an evolution, Mr. Speaker, but a few months ago Premier René Lévesque himself, in a radio broadcast, on the CBC network stated that during a newsmen labour conflict he felt rather uncomfortable because some of the strikers who wanted to be associated, on this occasion at least, with members of the Parti Québécois in a protest march had asked him to join them in the street. But, in his capacity of leader of a responsible party he felt he could not have anything to do with fanatics. And he explained on the CBC how sorry he was to have to turn down the offer of people sympathetic to his cause but he felt that in this crowd several thousands strong there were a few fanatics that the PQ could not afford to identify itself with.

Mr. Speaker, I think that we should refine our thinking when entering this debate. I think that too much of an attempt has been made to single out the RCMP for what has been referred to as illegal break-ins. Our various police forces in Canada, at the three levels of government, had to face new situations. I do not think I am in any way blaming or criticizing them when I say that these police forces, within the North American context, may not have been trained to deal with an unexpected state of affairs. That is why those people had to adopt new strategies and new procedures. I think this debate tonight would be most positive if all hon. members would recognize that our police forces may have been excessive in some operations and should redefine their operation procedures, but if it is true that the office of the Parti Québécois was broken into the way some opposition members suggested, I think that the Solicitor General of Canada (Mr. Fox) was very clear on that point.

He is asking the Quebec attorney general to bring the facts to light and let him investigate and if the judiciary system of the province of Quebec concludes that there was indeed illegal action, I think that we should not be partisan and should help the police force for which we are responsible—the RCMP—to adopt a new rule to ensure individual and collective liberties.

Mr. Speaker, I will always be opposed at any time in this country to a police force restricting opinions, ideas and spoken words and restricting also the right of individual action if such actions are legal and non-violent. As my friend from New

Westminster (Mr. Leggatt) mentioned it earlier, it is possible, even desirable, that all Canadians be free to criticize, disagree completely with the government but, Mr. Speaker, I believe there is a way to do it, a non-violent way, by democratic ways, and we have the responsibility to protect them.

Mr. Speaker, it is not only because of opposition pressures that the government instituted the McDonald Commission. When this commission was established, it was given a very comprehensive mandate and we would very much like to hear the opposition parties, for instance, my colleague from Joliette (Mr. La Salle), make recommendations to this commission so as to develop precise rules which will meet the new aspirations of Canadian citizens and which will ensure the basic freedoms that Canadians have always enjoyed and must be preserved for always.

I believe that such proposals should be made and that we should now be able to ask ourselves some questions. This should be the purpose of this evening's sitting, to ask ourselves some questions to know how our security services can, first of all truly ensure the security of the state and its citizens, and secondly, not become a politically controlled institution. It is difficult to strike a happy medium. Our colleagues opposite ask that the government see to it that the police does not exceed certain limits, but in some other debate or at another time, the same people tell us that the government controls the police and uses it for political purposes. They should tell us clearly and once and for all if they want us to leave the police to its own devices or if they want us to give instructions to the police and to the security council.

Mr. Speaker, I believe that the debate concerns one of the most basic issues of the history of this country and I wish the members of the House would quickly pass over their pet subject and make truly positive recommendations. If they are not ready to make them tonight, I hope they will at least make them eventually and as soon as possible to the proper institution which is the McDonald Commission. It is a matter of proposing standards, procedures that will allow our security service to be efficient and serve Canadians without infringing on the rights and freedom of its citizens.

I think that having established the McDonald Commission and having agreed to be involved in the commission set up by the province of Quebec our government demonstrated its good faith and its leadership.

Second, we should not think that the political power or the government attempted to hide facts. Officers of the RCMP have been called as witnesses and told: if you have been involved in illegal action you shall answer for it, like any citizen, before the courts of justice of this country. However, I think it is most difficult, particularly in the present context, which is very different from that of 15 or 20 years ago, it is difficult for our police corps to know and establish, even in good faith, the exact limits of their action and to make the distinction between what is illegal and what is not.

I think it is up to this Parliament and not the government to define the will of Canadians as concerns security and to say to our police corps, our security service: this is what we expect from you. I also think that if the House could reflect and make serious and concrete proposals on that subject, Mr. Speaker, it would be better for the freedom of Canadian citizens and the well being of our people.

[*English*]

Mr. Erik Nielsen (Yukon): The RCMP, Mr. Speaker, are suffering from probably the lowest morale they have ever suffered in their entire existence. The integrity of the force is eroded, the image of the force which has heretofore enjoyed an international reputation, the highest of any in the world, is eroded, and all because of the actions of this government and of successive incompetent solicitors general.

Some hon. Members: Hear, hear!

Mr. Nielsen: I want to discuss some facts tonight and I want to preface what I have to say by assuring the House that I am not disclosing any facts which were not in my possession prior to some of the in camera briefings we had in the Standing Committee on Justice and Legal Affairs.

I am glad to see that the two former solicitors general are in their places tonight, Mr. Speaker—Tweedledum and Tweedledee, the Bobsey Twins.

An hon. Member: Or fuddle and duddle.

Mr. Nielsen: Perhaps they would better be described as Messrs. Fuddle and Duddle, Mr. Speaker.

Mr. Allmand: That is another original thought.

Mr. Nielsen: They certainly fuddled and duddled enough while they held the post of solicitor general.

Mr. Allmand: You must have been writing in the Yukon. We have not seen you for a while.

Mr. Nielsen: Instead of listening to the Minister of Consumer and Corporate Affairs (Mr. Allmand) interjecting from his seat, I would expect him and his seatmate, the Minister of Supply and Services (Mr. Goyer), to do something this House has been waiting for, namely, get up and explain their actions while they held that office.

Mr. Allmand: We are waiting for you to say something.

Mr. Nielsen: If the minister would just listen I will get to the facts in a moment. One thing I very much remember is that a very good friend and champion of the force, a former member for Ottawa West, now in the other place, who held the post of solicitor general immediately prior to the Minister of Supply and Services, resisted the setting up of this civilian state police agency within the cabinet. But after his removal, the Minister of Supply and Services came to office and we got "Goyer's gumshoes."

● (2212)

I was concerned at the reaction on many of the faces opposite to the subject matter of this debate—

Mr. Goyer: Be accurate!

Mr. Nielsen: I will accept a question from the minister if he wishes to stand up and ask it.

Mr. Goyer: I said, "Be accurate."

Mr. Nielsen: I will try to be accurate but it is very difficult to be accurate having regard to the paucity of the information from the other side.

Mr. Goyer: Why don't you ask questions?

Mr. Nielsen: We ask questions here and we ask questions in the committee, but we come away with about as much information as we got today, namely, zilch—nothing. The obsession with secrecy shown by the government does nothing to enhance our confidence in it.

There were reasons for the setting up of the security, planning and research group, as it was then known—the sham of "research" soon disappeared. But the reasons were not those given by the present Solicitor General (Mr. Fox). They go back to 1963 when the Spence inquiry was under way, when the Munsinger inquiry was under way, and when other questions of national security were being discussed in the House. That report was the reason for the creation of the Royal Commission on Security, a report which, incidentally, the Prime Minister promised would be debated in the House. But he reneged on that promise as he did on so many others.

That group of civilians was set up for four purposes. They were these: first, to infiltrate and instal agents for the purpose of gaining intelligence from the educational system. Without going into great detail I call the attention of the House to the surveillance conducted on university campuses.

Second was the infiltration and surveillance of the public service itself—the "extra-parliamentary opposition" with which operation the former solicitor general is familiar since the famous blacklist was prepared under the leadership of the Minister of Supply and Services.

The third reason was that of infiltrating and obtaining intelligence from the mass media, and the fourth was for the same purpose with respect to the labour movement. Those were the four objectives in setting up what is referred to as this non-operational group of civilians originally known as SPARG and subsequently as SPAG and SPA. The group had regional desks in all these areas with civilian representatives as well as RCMP.

It all stemmed from the preparation of a paper on "The Management of Crisis" by General Dare, who was subsequently smuggled into the RCMP, probably being the first non-member of the force to be appointed to the post of officer in the RCMP, with one exception, that of General Bourne. It is traditional in the force that the post of commissioner is filled from within its ranks. That tradition has been followed throughout the entire existence of the RCMP. Today there is some fear that the commissioner might be drawn from outside the force, a very sad development should it occur.

When the debate arose in this House on the setting up of that special agency in 1969 we resisted its formation on the basis that there was a real danger of it being subverted into being a political state police force. We predicted in that debate in 1969 that if such an agency were set up precisely what has happened now would happen. And it has come to pass. What has taken place is this: the RCMP, having previously enjoyed a standard of integrity unmatched in the world, has now been eroded to a point at which the public of Canada is justified in presuming—and I state this as my conviction—that there is an unwarranted interference with the operations of a previously independent police force in the performance of its functions. This has been done while assuring the country that there is a real need for this civilian agency in order to protect national security. That is only a guise.

The quickest way of restoring the confidence of the public in the integrity of the force is to abolish that agency and place the responsibility for security and intelligence back under the sole control of the force where it has rested for a hundred years.

With regard to the four objectives of this agency let me inform hon. members that there were 14 groups which the agency was charged with infiltrating and gathering intelligence from. The *Globe and Mail* apparently has made public the name of one of these groups. I want to put the whole 14 on the record. One was the FLQ, a natural group to warrant the investigation of any security-minded country. Another was the National Farmers' Union.

Some hon. Members: Oh!

Mr. Nielsen: The western branch was in opposition to the Canadian Federation of Agriculture. Another was the Native Alliance for Red Power in British Columbia. I have a paper in my file, among my mementos on this subject which I collected from 1969 to 1973, an internal memorandum written by an employee of SPAG to another employee of SPAG entitled "Social Attitudes and the Indians." This is a lengthy memorandum describing how a Saskatchewan native organization was to be infiltrated, spied upon, and neutralized by this civilian agency set up by the government.

The Saskatchewan Metis Association was one of the objectives of the group, and the memorandum to which I have referred was directed to that very group. It is dated August 25, 1972, and directed to W. J. Dabros, if the Solicitor General wants to check the memorandum and verify the facts I am putting on record.

● (2222)

The next is a most interesting group which the civilian agency was charged with infiltrating for the purpose of gathering intelligence, in 1969 I remind hon. members having regard for the events that transpired earlier this year. It was to get into the extra parliamentary opposition and alter the structure of the existing government. There are some very interesting names which I will not put on the record with regard to the activity of this civilian agency.

One of the names which came up as a result of conversation I had in order to glean this information was the name of Bernard Ostry, who, I am sure, is familiar to a good many members on the other side. It is very interesting that the information which came to me with these facts, and this really surprised me, was that the then minister, now the Ambassador to France, Mr. Pelletier, vigorously opposed any security clearance for Mr. Ostry on the basis of a security report prepared by the Security and Intelligence service of the RCMP at the time.

There is a very interesting name here in connection with the next organization that was to come under the surveillance of this agency, The New Left, a philosophical movement. Another one was The New Morning, a maritime group oriented toward guerilla warfare. On October 16, 1971, this group demonstrated against Canadian Forces Headquarters in the maritimes. Molotov cocktails were thrown.

Another group was the Black United Front, headquartered in Halifax. The Local Initiatives Program and National Health and Welfare came under the scrutiny of the early SPARG. The agency was charged with consulting Liberal cabinet aides with regard to any LIP grant that came under investigation to see whether the investigation should continue or be dropped.

The next group that came under the scrutiny of this civilian police agency was the Acadians, again based in the maritimes, Moncton. The next was The Red Morning, another new left organization based in Toronto. They commenced in 1970 with rifle and guerilla training and had links with the Black Panthers and Weathermen.

I might interject that another of the responsibilities of the group was to recruit agents wherever they could get them for the purpose not only of infiltrating these groups whose names I am putting on the record, but also for the purpose of infiltrating university campuses, the media, labour, and national political organizations as well as government. I might interject as well that on unimpeachable authority it came to me that this agency had two sources of information in the office of the then Leader of the Opposition, the hon. member for Halifax (Mr. Stanfield), who just stepped down from leadership of this party.

Next was the Communist Party of Canada, the Marxist-Leninist movement, very heavy in Vancouver. The smoke bombing of the Canadian Broadcasting Corporation headquarters in Toronto was one of the matters which gave rise to the attention of this agency and this group.

Not unsurprisingly, Praxis was the name of another group which occupied the focused attention of SPARG, now SPAG. Not surprising too was the Edmund Burke Society.

Those people who come from the province of Quebec will be interested to learn that the agency was specifically charged to speak about guidelines and speak about a cabinet committee on security and the control which the politicians exercised over this group. There was a list of subversive organizations. These were three that were listed as subversive to occupy the attention of this agency in the province of Quebec: the Quebec Teachers' Corporation, the CNTU, and the Quebec Federation of Labour.

The Praxis group in Toronto was linked to "Our Generation," a publication edited by a gentleman named Rousopolis. There the agency was charged to infiltrate three sections of government with the intention of using government resources and contracts to overthrow itself. They called it the microbe concept.

It will surprise hon. members, but possibly not some of those opposite and certainly not the Solicitor General and his predecessors, that all of this activity was funded without benefit of approval of any estimates by parliament. It was funded by taking funds from Defence estimates. In addition, it was funded by, and this will interest the hon. member for Windsor-Walkerville (Mr. MacGuigan), taking funds from those which were intended for the federal penitentiary system in the country, amongst others. That is where the money was gleaned from so that we parliamentarians would not be able to put our fingers on the operations of this agency.

It has gained some respectability since General Dare was smuggled into the RCMP, and the S and I responsibility of that force has been swept into his control rather than remaining where it should be.

In Montreal another organization that came in for scrutiny was The Parallel Institute, an organization roughly similar to that of Praxis. They got a $200,000 grant. I do not know whether it was for making wooden ducks or what. The Commercial Association was the name of the applicant that got the LIP grant for the purpose of operating this organization. As one gentleman in the press gallery put it—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, that unexpectedly low-key speech by the hon. member for Yukon (Mr. Nielsen), which at least was based on a considerable amount of research, draws to our attention that our colleagues in the opposition have been operating tonight considerably below their capacity.

The hon. member for New Westminster (Mr. Leggatt) treated us to a red herring the size of a whale, reading us a lecture on the difference between subversion and dissent. It could hardly have failed to come to his notice that it was the police who sought subversion in scrutinizing the Parti Québécois and it was the Prime Minister (Mr. Trudeau) who told the police this was dissent and to cease and desist.

Mr. Orlikow: Why did he promote—

Mr. MacGuigan: Do you think the Prime Minister is responsible for all the promotions in the public service?

Mr. Woolliams: You better believe it.

Mr. MacGuigan: These interjections merely show the depth to which the opposition is willing to bring the debate.

RCMP

The hon. member for Central Nova (Mr. MacKay) was here a moment ago. He, I am sorry to say, ended his speech on a note of tastelessness which I have seldom heard in this House. It was far below the usual standard we expect from that esteemed gentleman.

Mr. Woolliams: Come on!

Mr. MacGuigan: Perhaps the hon. member for Calgary North (Mr. Woolliams), who likes to interject from time to time, will be able to restore the opposition's honour with his remarks, which I believe are scheduled to follow mine.

The facts have been sufficiently well stated at this point. I do not think they need any further elucidation.

I would like to take my principles from the hon. member for Oshawa-Whitby (Mr. Broadbent). I have no fear to fight this battle on his ground. He stated two principles, I think he called them two great principles of democracy. I am more than happy to discuss this issue on the basis of those principles. The first was the rule of law. The second was ministerial responsibility.

Let us look first at the rule of law. I believe he said it was the principle that all citizens must act in accordance with the laws established by this parliament. In other words, the same law applies equally to all citizens, rich or poor, weak or strong, police or not, members of parliament or not. That is not in question here. There is no one in this House, certainly not on this side, who doubts that justice according to law must be done. Justice according to law must be sought by the government at all times and for all citizens of the country.

● (2232)

An hon. Member: Justice must also appear to be done.

Mr. MacGuigan: Certainly, it must also appear to be done.

Mr. Orlikow: So the police can break in, that is OK?

Mr. MacGuigan: I am not saying it is OK, but let me remind the hon. member that it was the hon. member for New Westminster who said that you were protecting the reputations of the police. They were the ones who broke in, so why are you protecting their reputation? Why are you inverting facts and values? Why are you attacking the government, which is upholding the law, and protecting the police, who have broken the law?

Mr. Paproski: Check into the Prime Minister in 1968.

Mr. MacGuigan: The hon. member will have a chance to make his speech later.

The administration of justice is also part of the rule of law. The administration of justice must be free from all external direction, especially political direction. This is what the rule of law is about too, Mr. Speaker. Not only must everybody obey the law, but there must be no interference in the administration of law, especially no political interference. This is the reason why it is so unfortunate that opposition members have chosen to drag in the Watergate affair.

Mr. Gillies: It is the same thing.

Mr. MacGuigan: The hon. member for Don Valley (Mr. Gillies) says it is the same thing.

Mr. Gillies: That is the issue.

Mr. MacGuigan: Mr. Speaker, hon. gentlemen should not need elementary lectures, but let me spell out the elements of this in as elementary a fashion as I can so that they can understand. In the Watergate affair there were two elements: there was the break-in and the cover-up. The break-in at Watergate was carried out as a matter of private entrepreneurship.

Mr. Orlikow: Not by the police.

Mr. MacGuigan: No, not by the police.

Mr. Orlikow: It was worse with the police.

Mr. MacGuigan: I agree. That is precisely my point. The hon. member is helping me to make my speech.

Mr. Orlikow: Let us have discipline then.

Mr. MacGuigan: We are having an investigation in order to discipline the police; it is precisely for that reason.

The break-in in the Watergate case was a question of private entrepreneurship, political entrepreneurship, by people motivated by partisan political objectives. Even if you extend Watergate to apply to all of the other evidences of break-ins which occurred during the Nixon regime, they were all either of this kind or perhaps, in some cases, at the very most, police operations which were directed by political parties for political purposes.

We have a lot of speeches going on here, Mr. Speaker. I wonder if I could ask you to—

Mr. Alexander: Yours is not very good, Mark.

The Acting Speaker (Mr. Ethier): Order, please. I think the hon. member for Windsor-Walkerville (Mr. MacGuigan) has quite appropriately brought to my attention that there are many speeches going on. I wish to remind hon. members that if they want to take part in the debate, if they want to stand in their place I will recognize them. Presently the hon. member for Windsor-Walkerville has the floor.

Mr. MacGuigan: I do not mind, Mr. Speaker, whether they hear me or not, but I should like to hear myself when I am talking.

As I was saying, the break-in at Watergate was entirely a question of political interference; it was directed by a political party. In the present case we have incidents which occurred wholly on police initiative and direction.

Mr. Gillies: How do we know?

Mr. MacGuigan: We will find out. There is no evidence of any kind to suggest anything beyond that, and if there is any evidence of that kind it will come out. But it is too soon to suggest that it is there. I do not think members of this House should be trying individuals who are not here before us.

The second element of the Watergate affair was the cover-up. This involved, first of all, a denial of the facts, secondly a denial of a forum in which the facts could be discussed. Here we have had a complete frankness with the House by the government. We have also had a royal commission of inquiry, to establish the forum. So again, we have no government participation in the break-in, it was a police affair; we have no government participation in the cover-up.

Mr. Gillies: But we do not know.

Mr. MacGuigan: The hon. member says they do not know. A moment ago he was making allegations based on knowledge which he now says he does not have. This is exactly my point: they do not know. Not knowing, it is their obligation to the rule of law in this country, which they say is important and which we also say is important, to be quiet and not make innuendoes about a Watergate in Canada.

Some hon. Members: Hear, hear!

Mr. MacGuigan: In other words, if the rule of law was infringed—and it probably was, it appears that it was—then it was infringed by the police, not by the government. If there is government responsibility, it cannot be found under the principle of the rule of law; it must be found under the principle of ministerial responsibility.

I should like to turn now to a consideration of that other principle, the great democratic principle, as the hon. member for Oshawa-Whitby called it. Here the meaning is that responsibility must be commensurate with authority. To the extent that the executive has authority, it must be responsible for how the authority is executed. If a politician enjoys the benefits, then he must accept the blame which results from the exercise of the powers directly under his control.

Obviously, Mr. Speaker, when we speak of government and of ministerial responsibility we are dealing with what philosophers would call an analogous concept. We are dealing with something which is different in a lot of respects and in a lot of instances, because not all the instances are the same. I will not go into an analysis of all the organs of government tonight, but I would certainly argue that when we are dealing with an independent agency, such as the police or the RCMP, the application of the principle of ministerial responsibility has to be almost wholly different from the application of that principle to an ordinary department of government.

The principle can be applied to the police only in a very limited sense in order to avoid political interference. The accountability of the ministry in a case of this kind is only to ensure that, when there is fault, change takes place in the agency. My argument is based on the principles of the hon. member for Oshawa-Whitby himself, who put the rule of law in the first place, gave it priority of place with respect to democratic principles, putting in second place the principle of ministerial responsibility. If there is a conflict, the principle of the rule of law governs.

In this case, since the rule of law insists that there be absolute impartiality in the administration of justice free from external direction, especially political direction, this could not be achieved if the minister were to assume total responsibility for all the actions of the agency.

We have a government which has assumed its responsibility. It has stopped the surveillance of the PQ which was taking place, as soon as it found out about the—

Mr. Orlikow: After the fact.

Mr. MacGuigan: Yes, of course after the fact, because the police hid the facts. The government took its responsibility. That is the difference between the police and other agencies of government, and it is time that members of the opposition understood that.

In addition to stopping the surveillance of the PQ, the government consulted regularly with top officers in the RCMP in an attempt to find out the facts. In many cases it seemed that the top officers themselves did not know the facts. There seems to have been a persistent policy in the force in recent years to deny even the top officers in the force knowledge of what was being done lower down, and sometimes not that much lower down either.

The government also gave a full account to the government of Quebec, which was the concerned government in charge of the administration of justice in the area where the offences took place, so that it could lay charges according to the normal juridical process. Finally it set up a royal commission with very broad terms. In addition to those terms, the government promised with complete co-operation.

• (2242)

My interpretation of that is that the government will change the terms of reference of that royal commission, if the royal commission should request additional powers to enable them to fulfil their mandate, and that the ministers will co-operate completely with the royal commission in appearing before it as witnesses if they are summoned. I see one of the former solicitors general is nodding his head in assent.

An hon. Member: He is asleep.

Mr. MacGuigan: I have no doubt that will be the policy which will be followed. The government's position is one in which it has given complete information concerning its own activities and all the police activities of which it was aware to parliament, to the people, and to the relevant authorities of the Quebec government.

Sometimes Canadians ask if Watergate could happen here.

An hon. Member: It has happened here.

Mr. Leggatt: At least two or three times.

Mr. MacGuigan: Now we know the answer: Watergate can happen here, but not with the political motivation.

Mr. Gillies: Why not?

An hon. Member: We need a Judge Sirica. That is what we need.

Mr. MacGuigan: We have a Justice McDonald whom I am willing to put up against Judge Sirica or any American judge any day.

Some hon. Members: Hear, hear!

Mr. MacGuigan: We talked about the rule of law. We want the rule of law. We do not want a police state. We do not want a country which is subject to the dictates of the police.

An hon. Member: We do not want your government.

Mr. MacGuigan: We want a government prepared to respect the police but also prepared to clamp down on them if they exceed their mandate. That is exactly what this government is doing. The opposition is attempting to pillory the government because it is honest and is telling the people what it is about.

An hon. Member: Honest?

Mr. Gillies: Do you really think they are honest?

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, after listening to the hon. member for Windsor-Walkerville (Mr. MacGuigan), I feel I should try to get us back on the track. Even with the scholastic and academic standing that he has, he has overlooked what the debate is all about. He has overlooked the fact that the RCMP is the police force. Any police force in this nation is administering the law in a civil way across the country. That is one form of the administration of justice. When people of authority in any type of police force are asked to look into the security of the nation, that falls directly under the Prime Minister (Mr. Trudeau) and a special cabinet committee. That is where the hon. member's entire argument falls apart.

If it were just a matter of the administration of justice when dealing with civil and criminal matters, any interference by any government would be entirely wrong.

Mr. MacGuigan: It would have been worse here.

Mr. Woolliams: I do not know how naive the government thinks we are to suggest for one moment that the minister or the Prime Minister did not give instructions to the security planning analysis branch, which in turn used the police and got the RCMP into some difficulty. I could blame this government for eroding the image of a great force.

An hon. Member: Right on.

Mr. Woolliams: Over the years I have been in the House, I think the record will indicate that I have made many speeches and have asked many questions. I have always defended the RCMP, and I shall continue to do so. Everyone on this side of the House has taken the same position: it is the government which has put the RCMP into the difficulty of eroding their image by mixing the question of security with the ordinary administration of law.

Some hon. Members: Hear, hear!

Mr. Woolliams: When we consider the rule of law, I do not think it takes a great mind or a dean of a university to indicate that it gives protection to every individual in Canada. We are all equal under the law and we are protected. We are not protected by the Prime Minister, any premier or any minister. Our protection and liberty flow from the rule of law.

When we consider that principle, we must consider also the fact that everyone is equal before the law, no matter what position they hold. If they hold a position in the government as a minister, if they hold a job in the security planning and analysis branch, or if they hold a job in any police force in Canada, they are protected by the law. If they break the law, or they are instructed to break the law, then they must face the same kinds of remedies, procedures, and charges as any other individual in Canada. If that is not a fundamental basis and the foundation of the administration of justice, then there is no foundation.

Is this not a Canadian Watergate? For one hour we have questioned and interrogated the Solicitor General (Mr. Fox), and he came out of it very beautifully because he was evasive and refused to answer one question in the House of Commons today. Why did he refuse? He refused because he wanted to have a complete cover-up. What was he covering up? No one could be so naive as to believe that the present Solicitor General or the former solicitor general, now the Minister of Consumer and Corporate Affairs (Mr. Allmand), did not have some knowledge in reference to this affair. I am referring to the break-in at the offices of a legal political party in Canada.

When the Solicitor General refused to answer those questions, in a very psychological way he was refusing because he wanted to cover up the sins of the government. For example, the Leader of the Opposition (Mr. Clark) asked twice who authorized this break-in. Twice the question was evaded by the Solicitor General. Twice I asked who authorized this break-in, and after the second time I received an answer: it was the director general of security, John Starnes. Why did he not answer deliberately in the first place?

Mr. MacGuigan: He did.

Mr. Woolliams: Why did he not answer when the Leader of the Opposition asked that question? The hon. member opposite is indicating that he did. I have checked the blues. The record will be out tomorrow, and if it is read by the hon. member opposite he will see that the first time the Solicitor General answered that question was after he had been interrogated four or five times on the point. In fact the CBC referred to that in the news tonight.

Mr. MacGuigan: His answer was not understood.

Mr. Woolliams: We have heard a lot about the rule of law. I am concerned about the fact that the office of a political party can be raided and names can be obtained not only of the supporters of the party but of those who made financial contributions. What are we leading up to?

I think we are leading up to getting a list for another War Measures Act. I should like to refer to an article in the *Globe and Mail* of Wednesday, May 12, 1971, which referred to October 16, 1970, when the War Measures Act was implemented.

Mrs. Holt: The *Globe and Mail* is not a good paper to quote.

Mr. Woolliams: I hope the hon. member will bear with me. Actually I know she will listen because she is always so fair. The article reads as follows:

> The federal government will resort again to the War Measures Act if violence like that of the October crisis in Quebec breaks out and parliament gets bogged down in considering special anti-terrorist laws. This was promised recently by the Prime Minister, Pierre Trudeau, on two occasions, one in a letter dated May 7 of that year to premier Robert Bourassa of Quebec, and secondly, in a lengthy interview the same day with the Canadian Broadcasting Corporation television crew.

● (2252)

When I listened to the debate tonight I was reminded of that long debate on that tragic occasion when the government implemented the War Measures Act. Ministers could have used any other legal means provided under the Criminal Code. They know now it was a mistake.

An hon. Member: You voted for it.

Some hon. Members: Oh, oh!

Mr. Woolliams: I wonder if hon. members opposite could control themselves.

Some hon. Members: Oh, oh!

An hon. Member: Say it, you voted for it.

Some hon. Members: Hear, hear!

Mr. Woolliams: I will answer that question right now, and I was coming to it. I will tell you what we said. We said to the government, "You have the facts, we do not, and if those facts are true, then we have to put the security of the nation ahead of anything else". But then we found out that the government lied to us. We knew we had been deceived in the House.

Some hon. Members: Hear, hear!

Mr. Woolliams: Let me quote now a man who is at present a director of more corporations than I can name, the former minister of justice. I call as my witness, Mr. Turner, minister of justice at that time. That is what he said on October 16, 1970, as reported at page 215 of *Hansard* of that day:

> It is my hope that some day the full details of the intelligence upon which the government acted can be made public, because until that day comes the people of Canada will not be able fully to appraise the course of action which has been taken by the government.

If you read the newspapers at that time you must have realized that he came close to resigning because he knew the government deceived the Canadian people in implementing the War Measures Act, as it deceived the people today.

They had their lists. How many people were arrested under the War Measures Act? I hold in my hand a copy of *Maclean's* magazine of that time. The caption on the front page reads, "Get Your Clothes On, Pauline Julien, You're Coming with Us". Four hundred and fifty people were arrested, held without bail for a considerable length of time, and 62 charges were laid, but only two cases were tried, and I do not think they had one conviction. That was the situation. If there was a revolution or subversive activity in the province of Quebec at that time, then surely somebody would have been charged and found guilty and a penalty would have been handed out by the courts. I repeat, we were deceived by the answers given by the Solicitor General, as we were deceived by the former minister of justice on October 16, 1970. The Canadian people will not accept that kind of drivel any longer.

Some hon. Members: Hear, hear!

Mr. Woolliams: The Liberals have done this before. They have said there were spies afoot in the civil service. They passed an order in council in the middle of the night, and that is the party that stands for civil rights.

People were arrested, held without charges, without bail, with lights on in the cells all night. You would have thought somebody would have stood up for the rule of law.

Let me quote the Hon. C. G. Power, a former Liberal member, who said the following in a speech in the House:

> As for me, brought up in an atmosphere wherein a framed photograph of Magna Carta was on almost every wall, accompanied with a warrant for the execution of Charles I, and steeped through my reading in the traditions of the martyrs of liberty and freedom, I cannot wish to turn back the pages of history 700 years and repeal Magna Carta. I cannot by my silence appear to approve even tacitly what I believe to have been a great mistake on the part of the government. If this is to be the funeral of liberalism I do not desire to be even an honorary pall-bearer at the funeral, and I do not wish by not taking part in this debate to give silent approval to the procedure which has taken place.

That is exactly what is going on. You would have thought that one Liberal in this large government would have stood up and said, "We stand for the rule of law". You would have thought one Liberal would have said what the hon. member for Central Nova (Mr. MacKay) said. As soon as you ask them a question, whom do they blame? They say, "The RCMP did this". Surely when it is a question of security, the Solicitor General, the Prime Minister or the cabinet committee gives instructions to that planning and security group, and in turn they give instructions to the RCMP. They should be the ones who are blamed for the sins and tragedies of this government which does not lead and which does not govern. But they do not stand up for the rule of law or the protection of the civil rights of this land.

Some hon. Members: Hear, hear!

Mr. Woolliams: Let us hope that tomorrow this debate will be put on the right track and that when we ask the question, who authorized this raid, the government will give us an answer. I noticed that the former solicitor general was not very well tonight and I am sorry to see that. Whether it is anxiety or something else that has caused this, I do not know, but when we asked him what he talked about, can you believe, the solicitor general, one of the highest officers administering the law in this country, did not know that the office of a political party was raided.

Mr. Forrestall: Nobody mentioned it tonight. It is incredible.

Mr. Woolliams: When we asked them, they said, "We don't know anything about it, the police run the country". I do not accept that. I say that is a lie, and I will go that far. I say the government runs the country, or is supposed to. It gave the instructions, but when it is caught tampering with the civil rights of this country, it blames it on the RCMP. I am convinced that the government planned and plotted for a long time to get rid of the traditional force from western Canada which became the national force, that is, the RCMP. It planned and plotted to do it this way.

Some hon. Members: Oh, oh!

Mr. Woolliams: Again hon. members opposite are speaking from their seats. Somebody spoke about brains, but I would not be that complimentary at the moment. I say to them that tomorrow we expect answers to our questions, and if we do not get them tomorrow, we will ask them the next day, and we will ask the Prime Minister to measure up to his responsibilities as the chief minister in this country and head of security. I hope he is here tomorrow so that we can hear his answers.

He had knowledge of it for almost a year without telling any of the solicitors general, if you can believe them. Unfortunately, I do not accept the excuses that have been given in this cover-up.

Mr. Hugh Poulin (Ottawa Centre): Mr. Speaker, let me say at the outset that I hope to be able to reach a common ground with all members of the House of Commons. I think we all believe that there is one law for all Canadians and that the rule of law must not be different for those in authority and those in ordinary walks of life, and that when the rule of law is broken, no matter by whom and in what position, they should bear the full brunt of the law.

If the law is broken, prosecution should follow the ordinary course. If the evidence is there, it should be brought before a judge and jury. No matter who has broken the law, they must face the consequences of their act.

It should not take more than the first year in Sunday school or the first year in catechism class, let alone the first year in law school, to know that it is wrong to break and enter or to steal.

[Mr. Woolliams.]

• (2302)

These are fundamental things, but I become sickened when I hear hon. members opposite, in pious righteousness, continue to condemn the RCMP. They condemn them time after time, speaker after speaker, saying that they have not been doing the right things in this country.

Usually the hon. member for New Westminster (Mr. Leggatt) is one of the most sane and sensible members of this House, but tonight he said it is the opposition which is protecting the RCMP. The truth is anything but that. Every hon. member opposite who has spoken has condemned the RCMP and its operations, if not directly then indeed by the innuendo drifting from their mouths in every statement they make. It is shameful.

We on this side of the House have said that the hon. member for Central Nova (Mr. MacKay) continually makes innuendoes without having the guts to make any direct allegation against the RCMP. He referred to the Bronfman case a little while ago. In the Bronfman case, the Statistics Canada case, the Hamilton Harbour case, and in the dredging case, the hon. member has taken to himself credit for bringing these things to the public. The Commissioner of the RCMP has said, time and again, that the hon. member has not furthered these cases but that he has impeded them by bringing out six months' premature disclosures while the investigations were under way.

In the Bronfman case I replied to the hon. member as the parliamentary secretary in the way the hon. member indicated, but he came across the floor to me afterwards and showed me documents he had. They were indeed marked "Secret," but the documents stated something which was very ambiguous. They did not indicate that the RCMP was coercing Mr. Bronfman into not laying charges or into not going ahead. What really happened was that Mr. Bronfman took his case to the Federal Court of Canada. He decided to withdraw his case. He felt he did not have enough goods to go on, but this is the kind of allegation the hon. member for Central Nova continually makes. Hit and run, hit and run. He does not come across with any facts because he just does not have any.

The hon. member is not here now. Somebody said his office was bugged. I do not know what might be obtained from his office other than perhaps an allegation he might make against somebody, without any facts to back it up. He has never backed anything up in anything he has done.

One of the investigations the hon. member prompted with his questions in this House involved the Hamilton Harbour matter. The former solicitor general and the solicitor general at the time of this matter were questioned in the Standing Committee on Justice and Legal Affairs. The hon. member ran out of questions, as did all the members of the opposition. As a matter of fact the solicitors general exonerated themselves completely and totally with respect to any allegations made at that time. They did so with respect to Statistics Canada, with respect to Mitchell Bronfman, and with respect to all the others. Hon. members opposite who make allegations should have the courage to present facts upon which those

allegations are based. It is great to come in with carloads of suspicion, but they come in with not even a wheelbarrow-full of truth, yet they build these things up far out of proportion.

The hon. member for Calgary North (Mr. Woolliams) spoke about the performance of the Solicitor General (Mr. Fox) today. I was elected in 1972, five years ago yesterday, and today was the first time I have seen a question period in this House in which all the questions from the great minds and intelligence of the opposition were directed to one minister alone. That happened today. The Solicitor General of Canada, a fine young man, was able to answer every question with fairness and candor. Once again the opposition ran out of questions. The hon. member for Calgary North said this evening that the Solicitor General avoided and dodged the questions asked of him, but I say he answered the questions directly and factually.

Let it not be forgotten that the revelations which caused this special debate tonight were not brought forward by the opposition parties. Not one member of the opposition brought forward these facts, which are now known to the Canadian people. Each one of these facts was presented by the Solicitor General or through his offices to the people of Canada. It was he who last Friday disclosed in this House the matters which came to his attention very shortly before that. There was no attempt to hide anything. In the last few days I have heard the question: "Is this a Canadian Watergate?" Watergate was a cover-up.

Mr. Brewin: So is this.

Mr. Poulin: It is anything but a cover-up; it is complete disclosure. I believe that in the last few days and weeks the government has disclosed more about the operations of the national security force than has heretofore been heard in this country. Perhaps it is a good wind that is blowing. It is a good thing that we have more of this kind of thing, but let it not be forgotten that it was this government and this Solicitor General who brought these facts out. These facts were not brought out by any probing, any investigation or any initiative by hon. members opposite.

Mr. Baker (Grenville-Carleton): Come off it!

Mr. Poulin: This should be remembered by hon. members opposite, yet they take advantage of the fact that there are some members of the RCMP who are deeply concerned about the future of their force and about their leadership. The hon. member for Yukon (Mr. Nielsen) said that the morale of the RCMP has never been as low as it is now. I think it would be good for the members of the RCMP to know that during this debate tonight their Commissioner has been in this House listening to this debate. He has done so because of a real concern for himself and his force. I do not see him now. Perhaps he has left in the last few minutes.

Mr. Baker (Grenville-Carleton): That was when you started to speak.

Mr. Poulin: The unfair, unnecessary, and unwarranted attacks on the RCMP by hon. members opposite will take a long time for the RCMP to overcome. It is too bad that hon. members opposite do not realize the damage they are doing to one of the most respected police forces in the world. The president of Interpol is a former commissioner of the RCMP. Commissioner Higgitt's police force was recognized as the most efficient, honest, and honourable in the world. It is not we on this side who have been attacking this force and criticizing its operations. It has been members of the opposition, such as the hon. member for Central Nova and others who do not have the guts to come across with the facts they say they have. They really have no facts. They have only a hope and a desire to further their political careers by blackening and damaging one of the finest police forces in this world.

The hon. member for Central Nova has still not come forward with any facts with respect to Statistics Canada, the Mitchell Bronfman case, the dredging charges, or the Hamilton Harbour matter, but he throws irresponsible allegations around this House with careless abandon because he is not answerable.

This government has been answerable in this House for the actions of the RCMP. It is prepared to take it on the chin when the RCMP, through over-exuberance, moves across the line, as it has done in this case. Maybe it has committed an illegal act. I would rather have it that way than have the government in control of each and every operation of the police force in this country, or in the provinces of this country.

● (2312)

If we, as members of parliament, are going to insist that members of cabinet be in day-to-day charge of the operation of police forces, then I think we should take the criticism of those things they do wrong, and I think we should take accolades for those things they do right. If we begin to take charge of their operations this parliament will investigate a police state. I am not prepared to see that happen in this Canada that I love so well.

What is the alternative, Mr. Speaker? It is to have trust, faith and confidence in these officers who have made a career of the Royal Canadian Mounted Police and of the municipal and provincial police forces of this country. The other alternative, according to the hon. member for Calgary North, the hon. member for Yukon, and the hon. member for Central Nova, would be to have the Solicitor General and other members of the cabinet direct the operations of this police force in criminal investigations, national security, customs and excise, and all such matters. This is not the role of parliament and it is not the role of a minister. A mandate must be given unequivocally, however, to the police department on what they should or should not do to carry out their functions within this country.

I believe that this parliament, especially in the field of criminal law, attempts to pass laws without reference to partisan political stances. I also believe that the police forces of this land should carry out their functions in the same way,

and I think they have done so. I think it is unfair for the opposition to harangue the RCMP continually, particularly because they cannot defend themselves. At the present time their favourite target is the security and intelligence division of the RCMP, which is being accused of illegal activities.

The Solicitor General in his speech today, and in answer to questions today, indicated that the actions taken in 1973 in the break-in at the Parti Québécois offices was honestly believed, by those who did it, to be in the national interest. I think we will have to wait, and I am prepared to wait, for a legal process, a judge and jury, to determine whether there is guilt or innocence in the matter. When the Solicitor General cautioned us on Friday not to be too hasty in making judgments in this matter, I believe he was right.

I think it is time that members of the opposition began to conduct themselves with some forebearance, and gathered the facts before making reckless and careless accusations which are doing great harm to a great and highly respected police force in this country.

Some hon. Members: Hear, hear!

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would say to the hon. member for Ottawa Centre (Mr. Poulin) that my target is not the Royal Canadian Mounted Police. My target is this government which, through incompetence and worse than incompetence, has brought about the situation which precipitated this debate. The hon. member and others in the backbenches of the Liberal party share that responsibility with those in the frontbenches.

We have had some interesting comments in this debate. I listened to the hon. member for Yukon (Mr. Nielsen) with great wonderment as he laid down the criteria, and indisputably so, indicating what was political vetting of certain organizations in the past with respect to their capability to participate in public affairs and their probable danger to the state. Mr. Speaker, if that criteria had existed in 1963, '64 or '65, the man who went on to become the hon. member for Mount Royal and subsequently the Prime Minister (Mr. Trudeau) of this country, would never have got into parliament.

I also heard the hon. member for Ottawa-Centre (Mr. Poulin) and the hon. member for Windsor-Walkerville (Mr. MacGuigan) labouring the question of Watergate. Obviously they are affected by Watergate and its similarity to the situation which exists here. The hon. member for Ottawa Centre said that the principles of Watergate do not apply to Canada because this government disclosed the facts. It only disclosed the facts and the Solicitor General (Mr. Fox) only disclosed his facts because he and members of the government knew that those facts were coming out in the inquiry in Montreal under Commissioner Keable. Knowing that, he cut his losses and made admissions about what is going on.

I suggest to you, Mr. Speaker, that as and when the commission in Montreal, and possibly the Laycraft commission in Edmonton, come to the point where they will be disclosing facts, such disclosures will be preceded by a statement in this House by the Solicitor General. It is only because

of that, and because of the fact that documents were made known, that public inquiries and/or prosecutions were undertaken in that long, sordid calendar of deception, corruption, and lying which surrounded the skirts of this government for the last five or six years.

The hon. member for Windsor-Walkerville laboured the point about this not being Watergate.

If the government wants to come clean, let it do so. The leader of this party (Mr. Clark), the hon. member for Grenville-Carleton (Mr. Baker), and other members of the party have requested a parliamentary committee. It is before a parliamentary committee that we should bring to judgment those ministers who might, under conditions and facts which are known, be tried for what I suggest are very serious political delinquencies. Let us establish a committee. Let it take from those ministers the powers of Crown privilege which they can exercise in debate and questioning. Let those members of government, from the Prime Minister down, be sworn and heard. Let the former commissioners, other officials attached, and the directors of the intelligence branch be brought before that committee. Let us find out how much was told, what information was given to members of government, from the Prime Minister down, at the pertinent times.

The government should set up such a committee with unrestricted terms of reference so that there is a fair and reasonable opportunity for questioning and challenging the truthfulness of statements made on the other side of this House. Only then can we say the government is coming clean by letting there be an investigation before a proper forum under terms of reference. This is essential if this issue is to be brought out in the open.

It was a pretty sad day for this House, after the Solicitor General had finished almost an hour of questions and answers this afternoon, when there was a spontaneous burst of applause from his colleagues. It was a considerable performance by the minister—subtle, brittle, evading the issues and not answering directly. Not one answer did the Solicitor General give today of facts not previously known. He did not, in one single answer, give us information we had sought. I suggest to you, Mr. Speaker, that parliament was dragged to a very low level by that performance this afternoon. If this House is going to survive, question period must be more than entertainment. At the present time, because of the advent of television in the House, the tendency of the government and ministers to oscillate, to evade issues, to refuse to answer, to give incorrect answers to questions, is fortunately becoming more apparent to the public. The public of Canada is now having a chance to see what we have seen for many years, now—a government without the answers, without the capacity, and without the competence to do the job for which it was elected.

● (2322)

I say to the Solicitor General that it is not enough for him to do what he did this afternoon. There is a principle known to law, particularly to lawyers involved in insurance law, that it is not enough just not to tell lies; there must be no material

concealment; there must be full disclosure of the facts. This did not happen today. It rarely happens in this Chamber as far as ministers are concerned. That is a principle which I suggest ministers of the Crown should adopt so that the people might be able to feel greater confidence in those who govern their affairs.

I am a member of the opposition, but I say that the lack of confidence which exists all over the country in the government is a sad story. The government has addressed itself to various measures in an attempt to alleviate economic conditions. To my mind, the one element which is requisite if these measures are to take effect is confidence among the people in their government and in its proposals. Such confidence does not exist today and, until it does, we shall not make progress in overcoming the problems which face us.

Far from criticizing the RCMP, I pay tribute to them. I practised law for many years in a rural, frontier area, where it was not unknown for two-constable detachments to patrol thousands of square miles. They kept the faith, maintained the vigil, and had the support of the public. It was a great force, and I believe it still is. Basically, I believe it is still a sound force and one of the greatest in the world. Unfortunately, the treatment the government has meted out to it is such that, as my hon. friend from the Yukon said, it has lost its morale. There is anxiety.

I do not suggest the government has instigated some of the incidents to which we have been directing our attention, but I remember the play about Becket in which the King said, "Will no one rid me of this man?" And I suggest some of the things which were done by the RCMP or by this intelligence unit were performed in the expectation that they would be pleasing to the government.

Morale in the force will not be restored until the government makes some substantial changes. The fault really lies across the floor. The Prime Minister is alleged to have said in his press conference that police may break the law, sometimes. I challenge that assertion. There are no circumstances in which the police may break the law. The Solicitor General has suggested that if the law is not effective enough to give the police the weapons they need to combat organized crime, subversion, alleged terrorism, apprehended insurrection and so on, we should change the law. Well, if the government has facts upon which it can base this proposition that the law be changed, let us have those facts.

Others, beside myself, have spoken of the government's obsession with secrecy. Out of secrecy come corruption and incompetence—this government's record ever since it embraced secrecy as its watchword.

I shall not keep the House much longer. This has been a good debate. I suggest it will be useful and that it would probably obviate situations of the kind which have arisen so many times in the past if we had a reasonable law with regard to the freedom of information. I shall not pursue the issue, now, but there is no question in my mind but that the government has said "No" on three occasions. My sources tell me that before the last Speech from the Throne the government said no, that it said no again just before the green paper was issued, and that it again said no just before the Speech from the Throne which we have recently finished discussing. Some of the younger cabinet ministers may have been in favour of it but the older members of the cabinet, those who have been there long enough to know what secrets are rattling around like skeletons in the closet, said no because they feared that a freedom of information law would make known things they do not wish to be made known to the public.

Other reasons have been advanced, of course. They have said that judges should not over-rule decisions of ministers. Mr. Speaker, I am told that in one department of the United States government, the Department of Justice, there are 55,000 people who have the right to put the stamp "Confidential" on a document, 18,000 with the right to put "Secret" on a document and 3,000 who have the right to mark documents "Top Secret". I do not know how many people have similar authority in this country, but I suggest that if civil servants are entitled to say a document should be marked confidential, an objective, independent judge should surely be entitled to say that, in his opinion, a certain document is one which should be made available to the public on request.

I suggest, Mr. Speaker, that we would not today be facing the situation which has developed if government, police forces, intelligence units, and senior civil servants knew that the things they did today might be made public tomorrow or the week afterward. Knowledge that what they did one day might be made public the next would encourage those concerned to make sure that their actions would bear the light of public scrutiny. Such a situation does not prevail at the present time.

In my view we cannot tolerate the continuation of the situation we have observed over the last months and years. It is for parliament, acting on behalf of the people of Canada, to lay down the rules and circumstances under which the police force must function. I realize that day-to-day implementation is a matter for the government, but it is a question of the conflict between various public interests. The widest possible public interest of the people of Canada lies in having a government and a police force which are subject to the laws of the land, and this must be maintained as against the narrower public interests of those who use the term "security" in order to engage in activities of the kind of which we have heard. I am afraid that all too often as far as the term "security" is concerned the government equates that word with the preservation of the Liberal party. It means something more than that.

● (2332)

Some method should be designed whereby this House, in the final analysis, has the right to maintain some watch over the public's money. We do not know how much money is spent or where it is spent. A committee of this House should be established under conditions which are susceptible to the security interests so that the public interest will be subject to the scrutiny and challenge by members of this House which it needs. If that is not done, this debate will have been fruitless.

Out of this debate must come some ideas for a settlement of the very difficult problems which have been raised. I know they are difficult. I realize some of the problems of the government. However, power must come back to this House where it belongs. It is not for the opposition to govern, but it is for the opposition to exercise scrutiny over the government which it so far has managed to escape. That scrutiny must be restored if this problem is ever going to be settled in a reasonable way.

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, throughout my previous career and my present career, I have worked with the RCMP—it goes back almost a third of a century. I looked up in the gallery tonight, as did my colleague, the hon. member for Ottawa Centre (Mr. Poulin). We saw the Commissioner sitting there facing this type of thing. I have known Commissioner Simmonds for more than 15 years. He is a dedicated policeman.

As much as I respect many of you over there, I felt saddened that he had to listen to this kind of talk, cruelty, partisan politics, and the destruction that you have spewed out tonight.

I felt saddened that former Commissioner Nadon—equally dedicated—is left with a stigma you placed on him. I dedicated the biggest work of my life to those officers. I researched back to the era of the Northwest Mounted Police. Their record is flawless.

The hon. member for Peace River (Mr. Baldwin), whom I admire very much, said that the RCMP was not his target, but rather it is the government. Exactly. But you use the RCMP to try and get the government. You play politics—that is the shame of this place. You are ready to destroy the RCMP to win an election.

Mr. Deputy Speaker: Order, please. I must invite the hon. member to address herself to the Chair, otherwise it confuses the facts.

Some hon. Members: Hear, hear!

Mrs. Holt: I apologize, Mr. Speaker.

Mr. Alkenbrack: Stick to the rules.

Mrs. Holt: The rules have all been made by lawyers. I regret I am just an ordinary citizen, a common person elected to serve common people. I am not sure whether I have displeased you, Mr. Speaker, but you have corrected me properly.

I wonder what would have happened if, during the period when the RCMP were working to end the terror by the Sons of Freedom in the Kootenays, members opposite had been working then as they are now toward an election? Would the police have had to stop what they had to do? At that time, every citizen's car underwent four, six, eight searches for dynamite, within 24 miles. We accepted that because we wanted to be safe. There is no security and freedom if you are dead.

There were bombings and burnings. Dams were blown up, people were killed. This happened in the Kootenays in Canada

for years and years. The RCMP ended the terror there. They did a great job. However, if this group opposite had been able to play with their right to investigate, to check and even break the law perhaps, I do not know—

Some hon. Members: Oh, oh!

Mrs. Holt: They had to do many, many things in order to stop the bombings. The hon. member for Surrey-White Rock (Mr. Friesen) can say oh, oh!

Mr. Friesen: I do.

Mrs. Holt: That hon. member can say the safety of people is less important than the police doing their job. Is that what he is saying? I venture to say that if this group had been working toward votes instead of the safety of this nation, we would still see bridges and power dams being blown up. People would be locked into flooded mines because the power system had been bombed and blown out. All of these tragedies still would be happening, if those opposite had their way. Also, organized crime would be invited to work freely in our society. Terrorists and kidnappers would be allowed freedom of operation in this country.

Members opposite talk about the War Measures Act. They are very righteous in retrospect. They say the government acted wrongly because nothing happened. Nothing happened because there was strong action taken in an emergency situation. It is easy to say in retrospect that it did not happen, but it could have happened.

The citizens of this country have a right to be protected by police who have been hired to do the job. Members opposite talk out of both sides of their mouths. They like to say they defend the police, that some of their best friends are policemen, but they tear them apart in this place.

An hon. Member: It was the Liberal government.

Mrs. Holt: The Liberal government has done a good job. It is a good country because of the Liberals.

Mr. Epp: It is not synonymous, and you know it.

Mrs. Holt: My goodness, Mr. Speaker, would they like an aspirin over there or something to help them? The opposition are having a problem with dyspepsia.

The hon. member for New Westminster (Mr. Leggatt) was concerned about the difference between subversion and dissent. It is very difficult to separate the two. We have reached the stage where we consider that nothing can be subversion. We are so permissive, we will not allow the police to investigate subversion. Watch how soon our freedom will be destroyed! We have a right to expect our police force to look into subversion.

We have had private meetings with the security forces. We have had public meetings where they have said they dare not even touch certain problems which they know are the work of subversives that could wreck our country. But because we inhibit their actions by this very political gerrymandering, we

may see our long cherished freedom slowly disappear. I feel it disappearing every time the police become the target in this House.

Mr. Whiteway: It is your government that is under attack.

Mrs. Holt: This is a strange club. Little boys yell, "It's your government". Partisan politics have no place in the freedom and security of this nation.

One member opposite said he did not know how it was possible to break the law when you are a policeman. He is very naive about police work.

How do members opposite think they solve crime? Do they think they play like boy scouts, use the Marquess of Queensberry rules and say, "by your leave, we have found you are ready to kill and murder." Would they do that with Al Capone? No, they go underground and live in the underworld.

The Leader of the Opposition (Mr. Clark) tonight said something very interesting. He was very selective in quoting the Prime Minister (Mr. Trudeau). He tried to say it was a cover-up. However, he only read two sentences. The Prime Minister did use the word "gee". That got him very excited. The Leader of the Opposition actually said that when he heard about the surveillance the Prime minister said, "gee, we have got to stop this. We cannot go on exercising surveillance on a democratic party. It is a legal party and it has a right." It was too good a statement for him to distort in this House. I will put it on the record.

● (2342)

The Prime Minister said, in his statement on October 28:

It (referring to the PQ) is a legal party and it has a right to exist and I stated in the House that our policy henceforth was not to have this kind of surveillance. So in the sense that I was informed at the time that this was done I was not informed nor were the Solicitors General so they tell me that in order to exercise this surveillance there was some action which might be described as illegal which will be brought before the courts if the attorney general of the province feels that should be the case. In other words, the precise action which Mr. Fox and I learned about, I believe, at the end of last week about taking tapes from an office I believe—this I do not know about. Of course I knew when they told me that they were looking at the Parti Quebecois. I said don't do that. It's a democratic party.

In this area I may even disagree with my Prime Minister and project what the police might have been thinking. As far as I am concerned, Mr. Speaker, separatists are not exactly my idea of people who are building a country. During the period of the War Measures Act invocation and subsequently, separatists were feared in this country. The police were assigned, by us, to do the job of protecting the security, safety, and unity of this country. At that time separatism and René Lévesque did not have the respectability they seem to have today. I am not sure they have all that respectability with me, Mr. Speaker, but the Prime Minister did say that it was at least a democratic party. That is what he said on October 28. We are discussing what happened at a different time.

Mr. Broadbent: Who said it is a democratic party?

Mrs. Holt: The leader of the NDP did not ask that when he put in his little contribution. The Prime Minister went on to say that it was a legal party.

In court, Mr. Speaker, it is said that it is not truth unless it is the whole truth. The oath a person takes in court is to tell the whole truth. I notice that in this House some members selectively tell only half truths to win their point and seemingly to campaign for votes. I hear the Leader of the Opposition burbling, and perhaps the people of Canada will get more sense out of his burbling than they do out of his words. The Prime Minister went on to say:

You can't exercise surveillance on it systematically any more than you can on the Liberal or NDP or Conservative party, or Social Credit.

He then went on to discuss the illegality question. If you know someone is going to blow up a city you may not have time to get a search warrant, or to go into some place and say, "By your leave, I hear you have an atom bomb in your safe and we would like to get it". It does not matter that while the police are getting all the legalities sorted out to please the lawyers, the city might be blown up. Hon. members say we must always be right and legal, and to me that is naiveté. It is expecting the impossible of the police in crisis or energency situations where life and public safety may be in jeopardy.

Whenever possible, Mr. Speaker, they must do their job. The security of the country must come first. The people of this country must be safe and free. As crime grows in this country, I venture to say and dare to predict that we will see terrorism here soon, and the brand of kidnapping occurring almost daily in Italy. The Leader of the Opposition is not very informed, which is why he burbles. I mean the leader of the NDP (Mr. Broadbent).

Mr. Alexander: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: Order, please. The hon. member for Hamilton West (Mr. Alexander) is rising on a point of order.

Mr. Alexander: Mr. Speaker, I do not like to interrupt the hon. lady's speech but she makes continual reference to the Leader of the Opposition and I just want to keep the record straight. The member who is doing all the burbling right now is the leader of the New Democratic Party and I hope that in the future she refers to him rather than to the Leader of the Opposition, who has done his bit in this debate and has done it very well.

Mrs. Holt: Thank you, Mr. Speaker. I think the people of Canada should know that when the leader of the NDP heckles he can only burble.

I should like to refer briefly to terrorism. I know a great deal about terrorism, having spent seven years of my life researching terrorism and recently talking to terrorists who are in Israeli prisons. Terrorism is the kind of crime where anything that they do is right, so long as it satisfies their own imagined goals of justified violence. They do not rely on the rule of law. Neither is there rule of law in organized crime. With all the sophisticated methods used by those in organized

crime and the hundreds of millions of dollars which international terrorists have at their disposal, how naive to think that our police force should work like boy scouts in dealing with crime. The police would not be able to use the sophisticated devices which are available to the most dangerous of criminals if hon. members opposite had their way. They would have to obey all of the rules, the legal niceties, and play nice games under the Marquess of Queensberry rules, rather than matching their skills, knowledge, wisdom and powers.

They must have some powers to counter organized crime and international terrorists, to protect the people of Canada. I expect the leader of the NDP will burble at that. He likes to use extreme phrases, like "evil act". He sanctimoniously uses religious and spiritual words. He talks about a calculated evil act. Perhaps the police believe it is evil they are fighting when the security of the country is threatened. I think my constituents and constituents across Canada as a whole want their peace, freedom and security, their right to walk the streets in safety.

I am not sure that the opposition has any kind of case, Mr. Speaker. They will keep on questioning because they think they have a Watergate here. None of them has studied Watergate.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I rise tonight more in sorrow than in anger, disappointed in this institution as such. I must indicate that even at the end of a long day like this which drains one of any passion or emotion, especially on a subject about which we could get very passionate and emotional, I am disappointed in this institution and in what has gone on here today. Like a lot of other members, I came to parliament today expecting explanations and expecting information. I got neither. The people of this country got neither, nor did the members of this House.

This is a terribly important subject, or it should be, to members on both sides, and certainly to the people of Canada. During question period today we were given, by an aggressively evasive single minister—I emphasize single minister, a fact which I deprecate as well—absolutely nothing that was new, even though evidence is piling up outside the House, and perhaps inside as well. This evidence indicates that there have been a whole series of acts which, if they had been committed by non-police groups, would have landed the performers of those acts, those who counselled those acts, those who directed those acts, and perhaps even those who permitted those acts, in jail.

● (2352)

Some hon. Members: Hear, hear!

Mr. Lawrence: We have had the strange spectacle of the Prime Minister (Mr. Trudeau) last Friday merely saying that these actions were "misguided". He left the very clear intimation in my mind that what was done was illegal. I am sure anyone who reads the press conference or who has heard the statement made by the hon. member for Vancouver-Kingsway (Mrs. Holt) this evening, which was echoed last night on national television and again in this House today by the Solicitor General (Mr. Fox), will realize if what was done was illegal, then we really have only two alternatives because of the high motives of the people involved. Either we let the law enforcement agencies of this country continue to break the law themselves, in the belief that the national interest is a higher priority and more important than the mere imposition of those standards of legal observance that we have for everyone else, or the law should be changed. We have just heard an intimation of that as well from the previous speaker. In other words, there would be one standard of legal observance and lawful behaviour for those engaged in so-called national security, and a far higher one for ordinary citizens. As far as I am concerned, that is a double standard of behaviour.

[Mrs. Holt.]

The other alternative emanating from the Prime Minister and the Solicitor General is that perhaps the law should be changed to recognize this problem, and instead of merely tolerating the double standard I have indicated, we should recognize it and enshrine it in the law. According to the Prime Minister, these are the only two alternatives. Of course that is just simply not so.

There is another choice, and that is to make sure that the proven, experienced, just, and traditional criminal law of this land and country, and the common law which we follow, are enforced equally against everyone. There should be no exceptions, no interference, no double standards. In law enforcement, in my experienced opinion, there can be no fighting fire with fire. You do not rape to find a rapist. You do not use drugs to find those who are abusing our drug rules and laws. You do not blackmail to catch a blackmailer.

Some hon. Members: Hear, hear!

Mr. Lawrence: You can speak about terrorism, but you do not bomb to trap a bomber. Certainly you do not burgle to convict a burglar. It does not matter whether it is a major crime or a minor misdemeanour. It does not matter whether the allegation is the bugging of a member of parliament's office or whether it is a question of national security. The law is the law. It is open, known, fair, and impartial. The high and mighty, as well as the low and miserable, are equally bound. If they cannot fairly obey the law, then they cannot fairly enforce the law. This applies to the police, to security groups, and to governments.

Primarily what are we talking about in this debate? We are concerned about the incident in January of 1973 when a flagrantly lawless act occurred that cannot, on any grounds, be justified. What should have happened? The hon. member who preceded me poked fun at it in one way, and attempted to pour scorn on the legal procedures which should have been followed.

If the security officers had any sort of reasonable ground for believing that a crime had been committed, and that evidence of it could be found in a political party's office, then the security officers involved could have easily obtained from a justice of the peace a proper and legal search warrant. I do not care if it was a Parti Québécois office, a Liberal office, a Conservative office, a Social Credit office or an NDP office.

I know a search warrant is just a scrap of paper in the eyes of some of the members. I know that the case in the eyes of some police officers, because I have had experience with them, is that it is merely a token, sometimes antiquated, certainly routine and, in many cases, a bothersome procedure. It is certainly a very irksome procedure to a police group in a hurry, and impatient to get a job done which they have been ordered to complete by their superiors. It may be irksome, but it is necessary because it is the law. The law in some instances may be an ass, but it is not up to a security group or the police to change it, or apply it to others and not themselves.

In this case the police did not follow the law. They broke in during the dead of night, which suggests in itself that they knew they were acting illegally. They put themselves above the law. To indicate that what they stole, copied, and then put back, was not a theft is simply ludicrous for anybody with any legal training and anybody with any responsibility, such as our Prime Minister has, especially in view of his training and in view of his past experience as the minister of justice.

The ameliorating thing in the eyes of some members opposite is the motive, that they were moved by a high ideal of national security. Motive simply does not enter into it. Whether it is dealing with national security or not, should any group be permitted to break the law which it has been sworn to enforce? There is little to suggest in this particular case that national unity was at stake. Should any group of security advisers—and that is what the security and intelligence service is—be permitted to go beyond the limits of the authority given to them, not by this government but by this parliament? This government is duty bound to enforce and to supervise, as trustees of this parliament and of our people as a whole, this security and intelligence service.

Can we afford the superciliousness and the callousness of the head of this government who indicated that if such a group breaks the law then they are not to blame, but somehow in this twisted and warped mental process he intimates that we are to blame because obviously the law should be changed? Obviously the people in charge should be changed, and not the law.

• (0002)

Since 1969 there have been serious problems that have not been resolved. I do not think there is a single member in the House who would stand up in his place tonight, no matter how forgiving he may be and no matter how much a lackey of the government he may be, who would indicate that since 1969 there have not been serious problems, or who would intimate that they were solved. There are serious problems that have not been resolved. In the final result there has to be political control, political supervision, political knowledge, and known limits and restrictions, accountability and responsibility. Since 1969 there has been none.

Who revamped the security services and laid on the control and supervision mechanisms which have failed? It is this government. Who picked the people and put them in charge? It is this government. Who set up the communication, the reporting and liaison procedures? What was done in the name of the government was supposedly controlled by the government, who else? Who now comes, unbelievingly and unbelievably, and suggests a weird mixture of responses ranging from, "We didn't know" to "We didn't want to know" and finally "If they did it, they were right"? No one else but this government.

The Prime Minister intimates that he said, as an hon. member reiterated a few moments ago, "Stop the political surveillance". Let us make no mistake about it, we are not talking about national security surveillance, we are talking about political surveillance. That is what it is, pure and simple. We are not dealing with national security matters. We are dealing with internal, domestic, political matters. When the Prime Minister said "Stop the political surveillance," he indicated, with a gallic shrug, that it is not his job to find out what has been going on. It is his job, however, to stop what has been going on. He indicated that it is not his job to ascertain what was involved in that surveillance, that it is not his job to determine what had been going on. I simply ask, whose job is it if not the Prime Minister's? Of course it has to be his and that of his ministers. They show an infuriating indifference to their own responsibility.

There is simply no excuse for the leader of the Canadian government, in a matter that is as important as this, to be absent from the House of Commons, and it is simply unthinkable that he should not be back here tonight for this debate.

Some hon. Members: Hear, hear!

Mr. Lawrence: This is the attitude we have to put up with. This is the attitude on many matters, not just on security matters but on many matters that touch on integrity and on the morality of the government. So long as the right question is not asked by those who should ask it, so long as the correct guideline on conduct is not issued by those who should issue it, and so long as the proper person is not held responsible for what he does or does not do by those who have a duty to hold others responsible to them so that they in turn are responsible to this parliament and to the people, we will continue to wallow in these re-occurring waves of non-accountability and irresponsibility that are becoming the hallmarks of this administration. This country deserves better than what we are getting.

Some hon. Members: Hear, hear!

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in my understanding, the duty of police forces is to prevent offences against the laws of Canada and, I think we can say fairly at the present time, especially acts of terrorism and sabotage. We do not question their responsibility in this field, nor do we question that society must be protected against these critical problems. But the first and most important protection we have is the respect that we must all have for the law itself. How can law and order prevail if the guardians of the law themselves spurn and infringe the clear precepts of the law?

The Prime Minister (Mr. Trudeau) stated the following in 1976—I am indebted to the Solicitor General (Mr. Fox) for

the reference which is at page 13389 of *Hansard* of that year, and also the hon. member for Vancouver-Kingsway (Mrs. Holt) referred to the same quotation:

It is my view and the view of the government that if the party is legal, it should not be under surveillance systematically by the Royal Canadian Mounted Police or any other police.

I could not agree more, and I hope that members of parliament agree with this remark. But it now appears that the RCMP broke into the premises of the Parti Québécois in Montreal in January of 1973, and removed computer tapes and certain other financial material which belonged to that organization. This was all authorized, according to the Solicitor General himself, by senior officers of the security services. Later the information was destroyed by the RCMP in the spring of 1975.

I want to say to the members of the government, who have been accusing us of attacking the RCMP, that we have not attacked the RCMP. What we have attacked and what we have criticized, and what is our duty to criticize is clear, open infringement of the law by certain people connected with the RCMP. We are just as concerned with the good reputation of the RCMP as are other members of the House. To pretend that the opposition as a whole is attacking the RCMP when they are only doing their clear and obvious duty of pointing out these serious occurrences is a complete perversion of the facts and an abuse of the debate in this House.

Some hon. Members: Hear, hear!

Mr. Brewin: Mr. Speaker, the Solicitor General keeps talking about a dilemma. What dilemma existed in 1973? He has not begun to explain that in any way. The Prime Minister suggested that there might be conditions of emergency when the law has to be temporarily overlooked. What emergency existed in 1973? We have not had a word on either of these two things. The FLQ activities, which were certainly criminal and very much deplored by Canadians generally, were shown, not only in the number of arrests which have been cited in the House but in the number of weapons that were seized after careful search by the army and the police in Montreal, to have been infinitesimally small. But be that as it may, they were not an active force in 1973, and no one can pretend that they were. So then what was the emergency which justified this defence of acts of illegality?

● (0012)

It is indeed of the utmost gravity that senior police and security officers, apparently without seeking or obtaining the advice or consent of their political superiors, authorized the break-in into the premises of a legal political party. In my opinion police, under our system of democracy, must never be above the law. They must be subject to over-all supervision by the political government of the day. Some of us who have looked outside this country know what happens to people who have ignored this salutary rule. Those people have lost their freedom, and we have to be very careful that we do not start on the slippery path that leads precisely to that result.

[Mr. Brewin.]

In this whole affair what I find most disturbing is the casual attitude of the Prime Minister and of the Solicitor General (Mr. Fox) which they have taken in certain statements they have made. Indeed, they have both used expressions which can be interpreted only as seeking to excuse, to some measure at least, the irresponsibility for this criminal conduct which is perfectly apparent.

The Prime Minister referred to the mood of the time. What was the mood at the time? He has not said a word about that. How could any mood possibly justify such blatant political acts as those which were carried out? The Prime Minister is a distinguished lawyer; how could he possibly overlook the fact that of all the crimes in the Criminal Code the one best known even to our children is breaking and entering? Is he going to say that that is something which should be excused because of some alleged motive or some theoretical need for security measures?

Mr. Broadbent: Exactly what Nixon said.

Mr. Brewin: The leader of my party says that is exactly what Mr. Nixon said. We are seeing a repetition of precisely the same line of thought.

The Solicitor General is one of the law officers of the Crown. He holds a special responsibility for maintaining law and order, but what is his attitude? He quotes the royal commission on security as indicating that there might hypothetically be a conflict between respect for the law and the effective protection of national security. Of course that is a theoretical possibility. The royal commission did not condone or approve of breaking the law, and I challenge the Solicitor General to find anything in its report which indicates for a moment that it did. But in this actual case where was the dilemma? Was a search warrant not obtainable if there was evidence incriminating the Parti Québécois? Of course no such evidence existed, so they relied on totally illegal methods.

The dilemma is a figment of the imagination of the Solicitor General, and as he puts so much of his case on that, it breaks down to absolutely nothing but specious reasoning. Was it an emergency? What was the emergency? We never heard a word to explain what the emergency was. Nervertheless, the Prime Minister and the Solicitor General exculpate those who were responsible for a very serious crime and for gross interference with the rights and property of a lawful political party.

I am not asking the Solicitor General to convict those responsible. That is not his job. I do not think we can convict them without hearing evidence, but neither is it the job of the Solicitor General to bring up phony excuses for those who are responsible for what clearly was an illegal and utterly improper act. I have no doubt that the Solicitor General feels a duty or obligation to support the morale and integrity of the police force under his general surpervision, and for which he answers to this House. I think we would all feel that.

We all want to be able to respect and assist the integrity and morale of the RCMP, but the effect of the Solicitor General's words, rather than his general statements, is to palliate inexcusable conduct in high places. How can he, with such an

attitude, typify to Canadians the guardian of law and order? In my opinion he has let us down and the people of Canada down. I think if there is no superior official of the government who will tell him so, his own conscience should dictate to him that the time has come for him to resign.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, having listened to the rhetoric, the emotionalism and the outbursts which have taken place this evening for some four hours and 15 minutes, following 45 minutes of question period earlier today, my mind goes back to some of the basic elements and, I think, to some of the foundation issues on which a debate like this is based.

My mind is taken back to some of the incidents of terrorism and subversion which have unfortunately become the ever-increasing experience of many countries in recent years. My mind is taken to the question of how to deal with them, for these are relatively new experiences in our history. How do we contain them? How do we put an end to them? No country has any particular or extensive background to go on because the *modus operandi* of dissidents, radicals and terrorists has tended to shift from day to day. They know no moral bounds. The unthinkable has become the commonplace.

As my colleague, the hon. member for Vancouver-Kingsway (Mrs. Holt), so well said, for terrorists and subversives there are no Marquess of Queensberry rules. There are no rules of war.

Fifteen years ago when jet travel was becoming popular, who would have given thought to political hijacking? Who would have thought of bombings when planning a vacation? Who would have envisaged political kidnappings and murder? Who would have envisaged disruption and death at a world athletic event such as that which occurred at the Munich Olympics in 1972? I mention these things in passing because, contrary to what the opposition has said tonight, this is a debate concerning a subject which is conditioned by the distemper of our times. This is a debate concerning the efficiency and efficacy of security services. Does anyone in this House seriously question the need for their existence? I think not.

The essence of the debate is, and should be, what mandate is it that our security forces should have? How are they to carry out that mandate? To whom are they responsible and to whom should they report? It seems that after some five hours of debate in this House there is an obvious disagreement on the part of some hon. members opposite.

If we listen to this debate and if we go back to past debates it seems that if any government of the day assumes control, total direction, and intimate responsibility for all of the actions of its surveillance forces, the opposition is heard to scream and shout that that is only a political surveillance and security force.

● (0022)

The suggestion is made that there should be a hands-off approach to allow a measure of independence in the day-to-day security and surveillance reports.

On the other hand, if there is no reporting of all the immediate and intimate details, then the argument is put forward by the opposition that the government has lost control, has abandoned responsibility. The opposition cannot have it both ways at the same time, Mr. Speaker. You cannot suck and whistle at the same time; you cannot sit on the fence all the time; you cannot blow with the wind and shift as it does, from hour to hour. In this House and in this debate you cannot be a mugwump. If I may be so bold at this time of the evening, I seem to see the spectacle of the Leader of the Official Opposition (Mr. Clark) playing the role of mug on the one hand, and the Leader of the New Democratic Party (Mr. Broadbent) playing the role of wump on the other.

Mr. Baker (Grenville-Carleton): Who writes your stuff?

Mr. Young: Mr. Speaker, if the hon. member for Grenville-Carleton (Mr. Baker) disagrees, I do not mind if he changes his mug for their wump at any time.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I was just commenting on the writing. If the hon. member is paying for it, he is being taken for a ride.

Mr. Young: Mr. Speaker, I always write my own speeches.

Mr. Knowles (Winnipeg North Centre): This is no time to boast.

Mr. Young: I am glad to see I stuck them with that one, Mr. Speaker.

There has been talk in the debate this evening about the rule of law. I do not think anyone would question the general principle of the rule of law—that we are all accountable to the law and no one stands above the law. The hon. member for Peace River (Mr. Baldwin) said that no one, not even a policeman, has the right to break a law.

Would any one of us question the right of a police officer giving chase to a speeder, to a bank robber, to a murderer, to go over the speed limit in order to apprehend such a person? The hon. member argues that there is one hard and fast rule and that is all.

The hon. member for Nurthumberland-Durham (Mr. Lawrence) is a former attorney general of the province of Ontario. Did he never prosecute a case where one of his police officers acted as an agent provocateur? I doubt it.

Those are examples in simple form, Mr. Speaker, but I think they destroy the simplistic arguments of hon. members opposite.

What is important is that we go further and ask ourselves what happens when the question concerns the essence or existence of the nation? That is a very difficult question. What are the guidelines for an officer when he suspects that an activity may go to the heart of the freedom and democracy under which he and the rest of us live? What happens when the decision is a matter of split-second judgment? How does that officer approach such a situation when the "enemy"

knows no moral bounds, no bounds to the activities which he or it undertakes?

It has been suggested that there is never a point when security becomes so paramount that the law is broken. I suggest to hon. members that they check the history of some people who did go beyond the bounds of the law at the time. They need go no further than one of the best selling novels popular at the moment, entitled "A Man Called Intrepid". Were it not for the fact that Intrepid and many of his colleagues in their minds stood somewhat above the law at the time in England, there might not be an England at this moment.

Those are the essential questions, Mr. Speaker, but what constructive suggestions has the opposition put forward this evening? The Leader of the Official Opposition wants to know all the wrongdoings that took place. Seemingly he expects that those who might have broken the law went back to their offices and wrote memos acknowledging their transgressions and filing daily reports on themselves. Nobody would claim that there had never been an immoral law enforcement officer. From time to time cases come to light in forces around the world, but in every one that I know of the offenders have been dealt with severely. They are not a daily occurrence and it takes a great deal of investigation and patience to bring them to light.

The Leader of the Official Opposition seems to expect the Solicitor General to know the actions of every single officer at every moment of every day. I should like to ask the opposition House leader whether the Leader of the Official Opposition knows what actions are taken by every member of his party every day. I think he does not know, and it is a much smaller group than the RCMP.

I will give the opposition House leader a couple of instances. He does not know, and his leader does not seem to know, what the right hon. member for Prince Albert (Mr. Diefenbaker) is going to say at any given time during any one day. He certainly does not seem to know what the hon. member for Saint-Hyacinthe (Mr. Wagner) is going to say on any given day, or what a lot of his backbenchers are going to say on any given day.

Mr. Baker (Grenville-Carleton): On a point of order, Mr. Speaker, I wonder if the hon. member could tell us if he knows what he is doing at any time of day.

Mr. Young: Yes, Mr. Speaker, I do.

The opposition has tried to smuggle in the idea of a Watergate and a cover-up. I think it is apparent to anyone who listened to the debate this evening that the revelations made today, last week, in July and in June by the Solicitor General and the Prime Minister, are an illustration of the government's frankness. While the standard of conduct in certain of these questionable incidents may be embarrassing and the revelations discouraging, the government has not shrunk from bringing these matters into the light of day even at the cost of its own discomfort.

[Mr. Young.]

• (0032)

I return to the essence of this debate, which is to discuss the mandate of the security and surveillance forces, the lines of responsibility and the question of accountability. I think that, aside from all the rhetoric, we would do well to address our minds to these points rather than wander through some of the scurrilous meanderings of hon. members opposite.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, hon. members will recall that this is the second time this year when, at 12.30 in the evening, I have risen to speak in a debate of this kind, a debate brought on by an emergency situation in response to a motion by the Leader of the Opposition (Mr. Clark). We have discovered that something is out of control in our country, but we have not yet determined whether it is the police or the government.

Today, or on Friday, the climate was obviously right for the Solicitor General (Mr. Fox) to tell us of yet another occasion on which a law enforcement or security agency had broken the law. The latest report concerned an incident which occurred in 1973. It was in that year that a former prime minister, the late Mr. Pearson, said that if our security policy did not take into account the basic rights of an individual, it would operate not to defend but to destroy the liberties which are our first concern. A year later, our present Prime Minister (Mr. Trudeau) addressed himself to the same question and he said, referring to the security service, that it was the custodian of a part of the independence which every citizen yields so that the state may act with the necessary authority for the common good.

As reported by the *Globe and Mail* of October 29, the Prime Minister added to this profound statement on Saturday. He said it was sometimes permissible for the police to break the law technically. All of us here are very much concerned about what was said by the Solicitor General and by the Prime Minister on Friday. We really do not know where the buck stops. The government has a great capacity for passing on responsibility for its actions to anybody in sight. Our economic difficulties are the fault of large corporations and of the unions, or of foreign countries. Our legal problems are the fault of the RCMP.

There is no one in charge.

I asked the Solicitor General on June 21 if, at that time, there were any other indications of illegal acts—if, having searched his files, he had found evidence of other illegal actions by law enforcement agencies. He replied there was no indication of any of the law enforcement agencies having committed any illegal act. He called us muck-rakers; he had us inventing Machiavellian schemes to undermine the integrity of the RCMP.

The climate today is obviously different from that of 1973, because in 1973 there was a Liberal government in trouble in the province of Quebec and a Liberal government in trouble in Ottawa as well. The need was felt to wipe out the "extra-parliamentary opposition". It was for this reason certain of the law enforcement agencies had to keep an eye on terrorists,

people engaged in sabotaging our society, and organized criminals. And the organization which was being investigated and which was under suspicion of committing acts of this kind was the National Farmers' Union, along with the Quebec and British Columbia teacher's organizations. The United Appeal, you will recall, was one of the agencies which had to be watched, as well as the Department of National Health and Welfare because of its involvement with Local Initiatives Program grants.

Let us for a moment consider what is meant by the term security forces. Take a look at some of them. We must be specific. Apart from the RCMP law enforcement agency, the federal agency, there is, of course, what we know as the security service which is responsible to the Commissioner of the RCMP but which has a very special task, that of reacting to subversives, terrorists and so on. This is an intelligence agency within the RCMP.

Then there are other law enforcement agencies in this country, and many Canadians do not know this. There is, for instance, the cabinet committee on security and intelligence which gives direction to all the security services in the country. The Prime Minister is chairman of that committee and, incidentally, he is the only person in the House today who has had direct responsibility since 1970 and is still in the same portfolio. We have had three Solicitors General since then and three Attorneys General. The cabinet committee is an advisory committee and, in turn, 16 persons are advising that committee on matters relating to security in this country.

Then there is another security force which is called the security analysis group and which operates under the auspices of the Solicitor General. Perhaps I may quote a former solicitor general, the present Minister of Supply and Services (Mr. Goyer), explaining its functions on September 21, 1971. He said the purpose was to study the nature, origin, and causes of subversive and revolutionary action, its objectives and techniques, as well as measures necessary to protect Canadians from internal threats.

Mr. Blackburn: On a point of order, Mr. Speaker, I apologize to the hon. member who is speaking but I should like it to go on record that, during this very important debate, there are only two members in the House on the government side at this hour.

Some hon. Members: Shame!

An hon. Member: No ministers!

The Acting Speaker (Mr. Turner): I suggest to the hon. member that that is not a point of order.

Mr. Oberle: Though it may not be a point of order, I am glad the hon. member raised it. Furthermore, the task of this particular security force is to compile and analyze information on subversive and revolutionary groups and other activities, to investigate the nature and scope of the internal threat to Canadians, and to plan measures to counteract those threats. The Solicitor General told us repeatedly that this particular group was not an operational group. We know better. As my hon. friend from the Yukon has clearly shown, this group is indeed an operational police force. It recruits and trains agents to provoke actions within unions and on university campuses, to infiltrate right wing and left wing societies, to encourage them to demonstrate on the streets, and to promote acts which are normally illegal.

Now that we have an idea as to the kind of security forces which are operating in this country I ask the question: why is it necessary sometimes, as the Prime Minister says, for these agencies to break the law?

● (0042)

The reason why they so seldom act against one of the legitimate agencies, including political parties, is that they have no clear evidence on which to ask a judge for a warrant to break into a place. If a police officer, or an officer of one of these secret agencies, told a judge that he wanted to break into the offices of the National Farmers' Union to see what they have in their files, without any evidence to substantiate the claim, the judge would tell him where to go.

I want to speak a little about the term subversive. It has never been clearly defined. There is no doubt in anyone's mind as to what the Liberal government understands the term subversive to mean. A subversive is simply someone who does not agree with the government.

Extraparliamentary opposition is a group of individuals who, in a legal and legitimate fashion, demonstrate against the government and make their opinions known about the government's performance. That is a subversive, in the view of the Prime Minister. How else if that were not so? Why would the offices of Praxis Corporation in Toronto be raided? Why else would they break into the offices of the Parti Québécois in Montreal? Why would an officer of the RCMP and other security agents break into the offices of a publishing agency in Montreal known as L'Agence de Presse Libre?

The Solicitor General has ripened with the season since June 21. He now admits there will probably be a revelation of a whole number of these kinds of illegal acts during the session of the McDonald royal commission. Indeed, I can assure the Solicitor General there will be a revelation of a whole series of illegal acts. I have a number to reveal. The hon. member for Yukon (Mr. Nielsen) and the hon. member for Central Nova (Mr. MacKay) will have a number to reveal. During the debate tonight, a number of my colleagues in the House stated they will have submissions to make to the royal commission, revealing some of the Machiavellian schemes. They were not conceived by the opposition, but by the government and by some of the sick paranoid minds that operate within the security analysis group of the Solicitor General's office.

The Solicitor General was very much concerned tonight that the accused might be tried in the highest court of the land, the House of Commons, without a chance to defend themselves. I, too, am concerned about that. Hon. members will recall the case I made when my friend, Walter Rudnicki, was indeed tried and convicted without a chance to defend himself. A

brilliant civil service career was destroyed. His family life was interrupted by this government simply because he was identified as a subversive. He was fired from the public service. There is a long list of people on whose behalf members have spoken in the House of Commons.

The Solicitor General now wants the sun to shine. He wants it all to hang out. He wants it all known. In order to accomplish that, he said that he established a judicial inquiry, a royal commission. We may have lost faith in the RCMP and the security agencies, but we must have respect for the judiciary and the courts.

I want to say tonight that I very much question the government's respect for the judiciary. There is a section of the Federal Court Act, Section 41(2), which gives the cabinet an executive privilege. That privilege is not available to any other Canadian, nor is it available to any minister in any free country in the world.

Under that section, a minister may swear an affidavit stating that certain evidence or certain documents that the courts may require to bring a case to conclusion are injurious for a variety of reasons. Section 14(2) of the Federal Court Act, which the minister often hides behind, reads as follows:

> When a Minister of the Crown certifies to any court by affidavit that the production or discovery of a document or its contents would be injurious to international relations, national defence or security, or to federal-provincial relations, or that it would disclose a confidence of the Queen's Privy Council for Canada, discovery and production shall be refused without any examination of the document by the court.

Hon. members will recall on several occasions I asked the Solicitor General whether, in the case of this inquiry, he would forgo Section 41(2) of the Federal Court Act. Hon. members will also recall the minister has said he is not prepared to do that. Indeed, he has already withheld information, documentation, and evidence from the inquiry officer in the province of Quebec.

We have a government that puts itself above the law. It is a law unto itself. This government does not trust the judiciary. The minister will not show the judge the document that will be required to get to the bottom of this because the judge may be subversive, even though he has been appointed by the Liberal government. They do not even trust their own troops anymore. The buck has to stop somewhere. This government is out of control.

Justice Deschênes in the province of Quebec had some choice words, as the hon. member for Central Nova said earlier today, when this particular section of the Federal Court Act was exercised in the case of the dismissal of a couple of young ladies who were employed by the Olympics committee in the province of Quebec. The remarks of Judge David Mullan on the general tenure of that section are also worth repeating. I quote him:

> Indeed, it is one of the strange contradictions of the Federal Court Act that an act which generally gives the courts greater authority over the executive branch of government, should at the same time show a lack of faith in the integrity of the courts to responsibly adjudicate in all cases on claims of Crown privilege and protect the genuine security interests of the State.

[Mr. Oberle.]

Only the Prime Minister knows what is injurious to cabinet secrecy, federal-provincial relations, national security, foreign relations and a whole variety of things. If President Nixon of the United States had had such a choice little phrase in his federal court act, there is no way anyone would have ever listened to his tapes.

I suggest there is no way anyone will get to the bottom of the matter we are discussing here tonight. As soon as a document or piece of evidence is required by the McDonald commission, one of the ministers will swear an affidavit stating it will break the confidence of the Queen's Privy Council.

I suggest the break-in in 1973 had a reference to the cabinet committee on security and intelligence at that time. I suggest that the EPO break-in in 1971 at the Praxis Institute, and several other break-ins that I will be revealing to the House in short order, had reference to the cabinet committee on security and intelligence. Unless the judge of an inquiry, or unless a committee of this House has power to subpoena—

● (0052)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, I am not happy to be here tonight to take part in this debate but I feel it my responsibility to do so. At this hour I am usually well tucked under the blankets with my eyes closed, resting well for the next day, as all hon. members should be.

This afternoon and this evening I have heard hon. members opposite challenging the integrity of the security force of the RCMP, the pride of the nation. They charged the RCMP with burglary—

Mr. Kempling: We are charging ministers.

Mr. Andres: They have been charged with stealing and with arson. As the hon. member for Northumberland-Durham (Mr. Lawrence) said, it is a sad day. It is a sad night for me, Mr. Speaker, to see this kind of attitude taken by the opposition.

What is the purpose? It is to try to discredit someone, and, by trying to discredit someone, they seem to be erecting a halo around themselves. This is what I have witnessed tonight and it is a sorry state of affairs. They then charge the Prime Minister (Mr. Trudeau) with being absent from the House today. Each and every one of them knows where he is.

Mr. Crosbie: He should be right here.

Mr. Andres: The Prime Minister is on important business for the state today. Certainly this muckraking by members on the other side of the House is no cause for him to be here, but I could not resist staying here to tell hon. members opposite how I feel.

I have sat in this House for many hours and days and, even though I do not speak often, what I have witnessed tonight makes me almost ashamed to associate in the same House with

these members. They still call themselves Canadians, and I am surprised. They have used every opportunity to try to discredit someone. It is about time they took their responsibilities as members of the opposition.

They talk in platitudes and say, "Wait till the next election". Let them just wait for the next election, Mr. Speaker. I was in my riding this past weekend and I know what the people in my riding are thinking and saying. They will not go for this kind of muckraking and for the negative attitude displayed tonight by the opposition.

Mr. Oberle: They certainly will not send you back here.

Mr. Andres: The people of Canada will decide who will be back here. They are the judges and they will judge what hon. members' responsibilities are and how they accept them.

Mr. Alkenbrack: Liberalism is on its way out.

Mr. Andres: The hon. member says that liberalism is on its way out. I cannot accept that kind of statement from that kind of member at this early hour of the morning, because the hon. member has not slept for a while, obviously.

Mr. Friesen: Your members will all be going to the Senate.

Mr. Andres: That is where all good members should be at this time of day, but some members across the way are trying to build up their reputations, not on rocks but on rot. The opposition seem to thrive on rot. They challenge the pride of the nation, as I said earlier.

Mr. Blackburn: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Turner): Order. The hon. member for Brant (Mr. Blackburn) on a point of order.

Mr. Blackburn: I appreciate the fact that the hon. member who is now on his feet is very emotionally worked up, but I hope he keeps in mind that certain members of the RCM Police have already admitted to breaking the law, and in fact have been convicted of breaking the law. So when he talks about the pride and joy of the RCM Police, I hope he keeps the real facts in mind.

Mr. Andres: If the hon. member wants to speak I am sure he will be given the opportunity. He can stay here until any hour he wants. I am a little surprised he intervenes in my time while I am on my feet.

Just a few weeks ago I saw 120 members of the RCMP here in Ottawa when Her Majesty Queen Elizabeth the Second opened parliament, and I was proud of them. Now a few weeks later members are demeaning the force and the integrity of the force. That is the point I am making. Hon. members can talk about one or two members of the force, or whatever it may be, but they are including the whole force, and this is a blot on our RCMP.

Mr. Blackburn: Mr. Speaker, I rise on a point of order.

Mr. Andres: The hon. member does not have a point of order.

Mr. Blackburn: Then I rise on a question of privilege.

The Acting Speaker (Mr. Turner): Order. The hon. member for Brant is rising on a point of order.

Mr. Blackburn: Mr. Speaker, I am not demeaning the entire RCM Police. I simply made the statement that certain members of the RCM Police had admitted to and been convicted of—

The Acting Speaker (Mr. Turner): Order. I suggest the hon. member for Brant does not have a point of order but a point for debate. The Parliamentary Secretary to the Minister of State (Multiculturalism) has the floor.

Mr. Andres: Thank you, Mr. Speaker. If hon. members opposite want to keep digging up this kind of smut and rot, then I will give them that opportunity. I am sure the people of this country will be the judges, and I will leave it with them. I, for one, stand for law and order.

Mr. Mazankowski: What about your leader?

Mr. Andres: My leader stands for law and order.

Mr. Mazankowski: But whose law and order?

The Acting Speaker (Mr. Turner): Order. The hon. member for Lincoln (Mr. Andres) has the floor.

Mr. Andres: Hon. members opposite can shout all they want; I will continue to talk until I am finished. When national security is at stake, I believe the RCMP act in an expedient manner for all Canadians. Yet hon. members are running them down, and I am surprised at them. I will leave it at that, Mr. Speaker. I will let the people of Canada be the judge. I am sure many members on the other side of the House will be looking for a job after the next election.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I know it will come as a considerable surprise to the hon. member for Lincoln (Mr. Andres) that we are fighting tonight for the integrity of the finest police force in the world.

Some hon. Members: Hear, hear!

Mr. Friesen: We are trying to protect them from the machinations and manipulations of a vested interest within the Liberal government to use them for private interests within that government. That police force has been manipulated by this government in order to shore up and create a scaffolding for a doddering, decadent Bourassa government.

• (0102)

The hon. member for Lincoln has had the audacity to say that we are impugning the RCMP.

Mr. Andres: You sure are.

Mr. Friesen: We are examining the government and seeing the scurrilous way we are using the finest police force in the world.

Mrs. Holt: So righteous!

An hon. Member: You are the righteous one.

Mr. Friesen: For generations Canadians have had the right to demand respect from the RCMP across Canada. RCMP officers have been delighted to give them that respect. Because of the secrecy of this government and its refusal to have the books opened, it means that Canadians across Canada look at an RCMP officer and wonder how that person is performing his duties and, more fundamentally, for whom he is performing those duties.

I should like to draw attention to the dilemma faced by every RCMP officer in Canada today. When a directive comes out from someone representing the government—we do not know who it is because the Solicitor General (Mr. Fox) will not tell us—indicating that the RCMP should break into an office without warrant, or they are supposed to burn down a barn, every officer has a choice to make. On the one hand, an officer can obey the order and break the law. On the other hand, the officer can quit. Lastly, the officer can disobey that order and be sacked by the government. Those are the choices every RCMP officer has to make in the face of the kind of evidence we are being presented with now.

Mr. Andras: Mr. Speaker, I rise on a point of order. I wonder if the hon. member for Surrey-White Rock (Mr. Friesen) would permit a question. He has made an accusation that the RCMP has been manipulated deliberately by the government to perform certain acts. I ask the hon. member to set forth before this House one iota of evidence that that statement is correct. There is nothing on the record whatsoever which the hon. member can offer to support that scandalous statement.

An hon. Member: Try any border in the country.

Mr. Friesen: The President of the Treasury Board (Mr. Andras) rises to make that kind of a statement because he knows the way the Solicitor General has been behaving in the House. It is difficult to bring all the matters before the House, but I would like to point out the Solicitor General's consistent and deliberate attempts to point to the events of 1973.

Mrs. Holt: Answer the question.

Mr. Friesen: The Solicitor General has attempted to refer to the atmosphere or the air which was in the country at that time, as though it was the Pequiste attitude to overthrow the Government of Canada and as though we were facing an insurrection. He overlooked the fact that we were in a minority government situation here and the government was interested in looking for re-election. He also overlooked the fact that the Bourassa government was facing a credibility crisis. Somehow those facts seem to be left out.

[Mr. Andres.]

My second point is related to the Prime Minister's (Mr. Trudeau) statements on Friday and Saturday.

Mrs. Holt: You did not answer the question.

Mr. Friesen: I think the hon. member for Lincoln should listen to my comments in particular.

Mr. Andres: Why do you not answer the question?

Mrs. Holt: He cannot answer it.

Mr. Friesen: The hon. member for Lincoln always tells me that he believes in absolutes, that there are some things which are right and some things which are wrong. On the weekend the Prime Minister indicated that sometimes the police can break the law technically—

An hon. Member: When are you going to bed, Bill?

Mr. Friesen: It seems to me that the Prime Minister is saying that in extreme circumstances the police are justified in breaking the law. In so doing, he has provided people all across Canada with a justification for breaking the law, as long as it is in extreme circumstances.

I think the hon. member for Lincoln will identify with the term "situational ethics", which is exactly what the Prime Minister has been spouting. In certain situations things, which would normally be wrong, are right as long as the situation is right. The hon. member for Lincoln told me that he believes in absolutes. I wonder if he does.

Mr. Andres: When did I tell you that?

Mr. Friesen: One million Canadians are already unemployed and will be facing very extreme economic deprivation this winter. Depending on how extreme their deprivations are, will they be justified in breaking the law to relieve their pressures? Those are questions which each Canadian will ask himself. It seems to me that the Prime Minister has provided for all young people across Canada a whole new code of morality—it all depends on the circumstances.

Mr. Baker (Grenville-Carleton): It is called "situational ethics".

Mr. Andres: Explain, explain!

Mr. Baker (Grenville-Carleton): The hon. member would not understand at this hour.

An hon. Member: The circumstances explain it.

Mr. Friesen: If those who are providing the standards of morality for our country hold a standard of morality which is open to question, what are the so-called common people supposed to do? If gold will rust, what will iron do?

I should like to refer to the statement made by the Solicitor General in the House on Friday. I listened to him make that speech. At page 394 of *Hansard* for October 28, 1977, he is reported as saying the following:

... the Prime Minister (Mr. Trudeau) stated the positions of the government in the Commons in 1976 when he indicated clearly that a legally constituted political party should not be systematically monitored by the RCMP.

What does that mean? Is it OK to do it once in a while? Is it OK as the occasion demands, just as long as it is not done systematically?

Mr. Baker (Grenville-Carleton): What do you think of that, Andras?

Mr. Andras: That is not correct.

Mr. Friesen: The President of the Treasury Board (Mr. Andras) said, "That is not correct". I should like to indicate to him that this can be found on page 394 of *Hansard*. How often can it be done and still be within the bounds of the law? How often is it OK?

An hon. Member: Never on Sunday.

Mr. Andres: Seven times seventy is OK.

Mr. Friesen: Now it is total forgiveness for the government.

Mr. Baker (Grenville-Carleton): Come on, Bill.

Mr. Friesen: Whom are we protecting?

Mr. Andres: The Canadian public.

Mr. Friesen: Every RCMP officer faces a delemma when he is given an order which he knows is a violation of the law. What should he do? Should he quit? Should he disobey it and be sacked? Should he obey it and break the law?

What should we do with the evaluation of the Prime Minister's new standard of morality? How often can we do things wrong and still be right?

Some hon. Members: Hear, hear!

Mr. Andras: On a question of privilege, Mr. Speaker, the hon. member started off his speech with a clear accusation that the government had deliberately manipulated the RCMP to its own end. I suggest to the hon. member that he should either substantiate that in this House or withdraw that scurrilous remark.

Mr. Baker (Grenville-Carleton): That is not a question of privilege.

Mr. Friesen: Mr. Speaker, I am willing to check the blues and, if I have misrepresented the facts, I will gladly withdraw it. I would like to check the blues before I make any concession on that.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, for some members of this House, who have watched the Solicitor General (Mr. Fox) on earlier occasions and have had a great deal of respect for him and the manner in which he is trying to perform his duties, his speech tonight was, to say the least, disappointing. Indeed it was amazing. He ignored the facts, the questions, the charges, and wrapped himself in a flag. He warned all members of the House about the dangers of subversion. He tried to cloak the improprieties that have taken place by warning us not to rock the boat, not to give our enemies information which would be harmful to the state.

● (0112)

No member of parliament wants to attack the RCMP. Every member of parliament knows the role which the RCMP has played in this country. We respect the RCMP for the good things which it has done, but some of us expect the RCMP to obey the law, as we expect every citizen to preserve the law. If they break the law, in our opinion they must be criticized and they must be disciplined. That is why we are having this debate tonight and that is what the government obviously does not want to discuss.

While the Leader of the Opposition (Mr. Clark) was speaking, the Solicitor General interjected several times. He challenged the description of the APLQ or the PQ break-in and challenged the suggestion that these were in fact break-ins. I am not a lawyer, but if it was not breaking and entering, I would like to know what it was.

Let me quote from an article in the *Globe and Mail* of Saturday, October 29. One of the main stories there is headed, "RCMP Broke Into PQ Office Without Warrant, Fox Says". The article begins:

The Royal Canadian Mounted Police entered a Montreal office of the Parti Québécois without a warrant on January 9, 1973, and removed, copied, and returned PQ membership lists, Solicitor General Francis Fox said yesterday.

If that is not breaking and entering, I wonder what it is. Later the same story reads:

Asked if he felt an illegal act had been committed, Mr. Fox replied that a judge must decide.

Surely nobody in this country has the right to break into premises. Surely people are entitled to the protection of the law from anybody who takes upon themselves the right to break into their premises. Does the Solicitor General believe that any police, including the RCMP, should have the power to enter the premises of organizations or individuals, to take documents or records, whenever they believe it is necessary or useful, without authorization from the appropriate ministers of the Crown, without the authorization of judges?

If the RCMP believe that the Parti Québécois was somehow subversive, why did they not apply for a search warrant? The Solicitor General and the Prime Minister have talked about the climate of the times. This break-in did not occur in 1970. It did not occur at the time of the kidnappings in October of 1970. We were not faced, as the minister at that time, who has now gone to his reward in the Senate, said, with thousands, literally thousands of revolutionaries who were going to destroy this country. We are talking about 1973, and we are talking about a party which every member of this parliament, regardless of party, disagrees with, a party which believes in the separation of the province of Quebec from Canada. But surely that is their right. Surely in a democratic system they have the right to advocate separation of their province. The Prime Minister said as much on Saturday.

He said that he told the RCMP to cease and desist when he found out they were doing it. The hon. member for Vancouver-Kingsway (Mrs. Holt), the one-term member, contradicted the Prime Minister when she suggested that she did not mind if the RCMP were to keep tabs on the Parti Québécois. Of course she does not mind, that is typical Liberalism. If you disagree with Liberals, you are a subversive.

Is the Parti Québécois subversive? If it is not, why did the RCMP feel that it had the right to steal the membership list of the PQ? Is it illegal for people in Quebec or anywhere else to make contributions of money to the PQ? If not, why did the RCMP feel that they had the right to steal the lists of contributors of money to the PQ?

My colleague, the hon. member for New Westminster (Mr. Leggatt), revealed tonight that labour leaders in B.C. were being investigated by the RCMP. Labour leaders in B.C. and in other provinces disagree with the government's anti-inflation program. Is that illegal? Is that subversive?

The hon. member for the Yukon (Mr. Nielsen) referred to the investigation by the security forces of the Indian Association of Alberta. Is it illegal or subversive for the Indian Association of Alberta to feel that the Indians in this country have been mistreated? I find it hard to understand why one arm of the government, the security forces, would be investigating the Indian Association of Alberta, while another arm of the government, the Department of Indian Affairs and Northern Development, appoints the president of the Indian Association of Alberta to be their director of its department in charge of the spending of all the money that goes from the federal government to the native people of Alberta, to make him the director of the department for the whole province of Alberta.

The government does not know the difference between dissent which is permissible in a democratic society, and subversion. It is not surprising. Members of the Liberal party have formed the government of this country for 50 of the last 60 years and they think that anybody who disagrees with them is subversive. Some of us believe that democracy means that people who disagree with us have a right to express their views and to believe that the police will not interfere with their rights.

The Solicitor General and other members of the Liberal party who have spoken tonight have tried to create the impression that, as soon as the government found out about the improprieties, the break-ins, the arson, the burning and the stealing of dynamite in which the RCMP was apparently involved, they came to parliament and they told the people of Canada all about it and that they disapproved of it and would stop it. The facts are entirely different. The government did not voluntarily tell the people of Canada that the representatives of the three police forces, the RCMP, the Quebec Provincial Police and the Montreal Police, had broken into the APLQ offices. No, that information came out when an RCMP officer, who was involved in a bombing which had nothing to do with politics, bungled the job, wound up in hospital and, when arrested and tried for the bombing, blurted out that he and other officers had been involved in that break-in. That is

when the government decided it had to tell the people of Canada, not until then.

When the representatives of the three police forces were charged and brought to court, and when they pleaded guilty, what did the government say about that? Did the government say to the officer concerned, "You should not have done that, you broke the law, you were involved in an illegal act. We are going to discipline you"? Oh, no, it did not do that at all. It let him keep the promotion which he had received. What did the people of Canada believe? What can they believe? They can only believe that the government approved of what he did. Otherwise hoe could it have permitted him to get a promotion and keep it?

We are told now that the government is giving the public information about RCMP involvement in burning a barn and in the theft of dynamite. I wish that, instead of the nonsense that we heard from the parliamentary secretary, he had addressed himself to the actual cases and he had the guts to defend those actions of the RCMP if he really believed that they were proper or necessary. However, he did not do that. He talked in vague generalities because he did not have the courage to say what he really believed; either that, or he did not know what he was talking about.

● (0122)

Did the government come forward voluntarily to tell the people of Canada about these illegal acts committed by RCMP officers? No, it did not do that. Why are we getting the information now? Because the government knows that the commission appointed by the government of Quebec has the power of subpoena, it has access to the files of the ministry of justice of Quebec and has access to the files of the Quebec Provincial Police. The government knows that many of the illegal actions in which police were involved will undoubtedly become public, as will some of the illegal actions of the police in the province of Alberta which will come out during the Laycraft Inquiry, despite everything the Solicitor General is doing to try to choke that inquiry off.

It is because this information is going to become public that the government has moved to tell the people of Canada about illegal acts. I do not know whether the government ordered them, but its silence until now makes it clear to anybody who wants to look at the records that the government at least condoned those illegal acts.

The minister regretted the fact that opposition members, according to him, were not being constructive. Of course any time one criticizes a Liberal government, the least he is accused of is that he is not being constructive. The most the government will accuse a person of, if it can, is that he is being subversive.

I think that there are several fundamental principles we can recommend to the Solicitor General, if he really wants advice, and it seems to me that they are very simple. First, all Canadians must observe and obey the laws of Canada. I ask the Solicitor General to consider this question sometimes. How can he expect the people of Canada to observe the law and live

by the law if the police, who have the responsibility of enforcing the law, are permitted to break the law, as some police officers have done? If the police who break the law are not disciplined and, indeed, rewarded, what happens to the rule of law?

It is not good enough for the Solicitor General to say he will wait for the royal commission to make its findings. The royal commission has the job of finding out how many times this happened, how it happened and why it happened, but the Solicitor General does not have to wait until the royal commission makes its report before he disciplines people in the police force who have broken the law.

If the security services find that the present laws do not give them the power or authority to do their job—this was a suggestion made by the Prime Minister (Mr. Trudeau), to protect the citizens because he thinks the law as it is now written restricts the activities of these security services too closely—surely the proper procedure is not to say that the police have to break the law. Surely this government, which may know or may think that the police do not have the authority they need, should have come to parliament, told parliament that the police do not have the authority they need, and proposed changes in the laws. That is the way a democratic government should operate. Did we get that kind of action from the government? Of course not. When the illegal acts of the police become known we get this stupid belated rewriting of the facts we have had here tonight and in the last few days.

The second concrete suggestion I make to the government is that it rethink its concept of democracy. It should realize that even though the Liberal party has been in power for 50 of the last 60 years, we still live in a democratic society. People have a right to disagree with governments, even Liberal governments.

People have a right to express their views and to publicize their position and to do this freely, without secret investigation by the police and security forces of this country. If the Solicitor General and the government would keep those two basic principles in mind and live by them, we would not have the distasteful task we have had the last few days, and the one we are doing tonight, of criticizing a few members of a police force which has had a wonderful record in this country.

The police have a job to do. Their job is one which the government should outline for them. The basic principles they should follow should be made clear by the government. We have had enough cover-ups by the government and acts which ought not to have taken place. I hope—although I did not get much of the impression that the government really understands how things have gone wrong—that the government will take the time to rethink what has happened, to re-evaluate what has happened and to take steps to change the law, if that is necessary, and to see that the laws of this country and their administration are handled in a way which will bring pride to people in a democratic society rather than the way we have seen revealed in the last few days.

RCMP

Mr. John C. Crosbie (St. John's West): Mr. Speaker, this is my first late night debate in this hallowed Chamber. When I was a member of the Newfoundland House, there were several night sittings. There is one difference between the Newfoundland House and this Chamber. In the Newfoundland House when we were having an all-night sitting, the minister or ministers involved in our discussions were present in the Chamber, and they stayed in the Chamber every minute the debates were going on. They might have gone out into the hall for a cigarette, but they did not bail out and abandon the Chamber and run off somewhere while the debate was still going on about something for which they were responsible.

Of course the Solicitor General (Mr. Fox) may not be responsible for anything, but I am surprised that he is not here in the Chamber tonight at 1.28 a.m. doing speakers the courtesy of listening to them.

Mr. Paproski: Especially on your anniversary.

Mr. Crosbie: Today is one year since I was brought up to the bar.

Some hon. Members: Hear, hear!

Mr. Crosbie: It has been an interesting debate for me, and I have listened to most of the speakers. One or two speakers could not possibly have been listened to unless one were screwed down in one's chair, but most speakers were quite interesting. I suppose most hon. gentlemen opposite are intelligent and honourable men. How where you sit in this House dictates what you say is really quite amazing. I suppose that is the way the system works. However, it is a pity and a weakness in the system. How a former law dean for whom I have a great deal of respect, the hon. member for Windsor-Walkerville (Mr. MacGuigan), and another former law dean, the Minister of Transport (Mr. Lang), can countenance these kinds of shenanigans is beyond me. The remarks of the hon. member for Windsor-Walkerville were specious nonsense. The President of the Treasury Board (Mr. Andras) had the gall to challenge the hon. member for Surrey-White Rock (Mr. Friesen) because the hon. member said that the government was involved in a cover-up.

Mr. Andras: Manipulating.

Mr. Crosbie: I say that the government was manipulating the RCMP, because I have heard nothing to persuade me otherwise.

Mr. Cafik: Lay a specific charge.

Mr. Crosbie: Just listen to me. I have only 18 minutes left. You will hear a few charges.

I just finished reading a book about the Nixon years in the United States entitled "The Time of Illusion", by Jonathan Schell. I recommend hon. members to get this book because much of the paranoia in evidence in the United States during those years, which is analyzed in this book, is present now in

Canada with this government, and hon. gentlemen opposite should start getting wise to themselves.

My position on the whole business of the RCMP and illegal break-ins can be summed up with a quotation from pages 379 and 380 near the end of this book. The author says:

On the other hand, it is not the purpose of these remarks to in any way excuse the political actors of the period—some of whom were also key strategists—from responsibility on the ground that they did what they did in the cause of human survival.

● (0132)

There is a lot of similarity between what this government is saying and the situation described here. This government wants to intimate that it is the question of human survival that causes it to do these things in the name of security.

He continues:

All governments have their burdens to bear and their decisions to make, and if the heaviness of the responsibilities were to be considered justification for repressive action, no country would remain free. A free country does not place responsibilities in one of the scales and the liberties of the people in the other. It holds to the faith that only in an atmosphere of freedom can the responsibilities be squarely met.

It applies directly to this situation when he says:

A free country does not place responsibilities in one of the scales and the liberties of the people in the other.

That is what the Prime Minister (Mr. Trudeau) is doing. That is what the Solicitor General is doing in the argument he presented to the House. He says this is in the cause of national security.

At this press conference the Prime Minister showed his disdain for the intelligence of the Canadian people and for this House. He shows nothing but ennui, and disdain for members of the House and the people of Canada. When it came out at the press conference that the RCMP security branch had illegally entered premises and taken the membership lists of a democratically formed political party in Quebec, copied them and put them back again—well, Mr. Speaker, that is break and entry. It is theft.

Then we found out they burned down a barn. That is arson. What did the Prime Minister say about that? He started talking about a city. What would you do if somebody was smuggling an atom bomb and you discovered it? Would you break into his place before he set it off? That is the Prime Minister's example. We are supposed to equate that with the RCMP breaking into the offices of the Parti Quebecois and taking the membership lists. What are we supposed to be? What are members of cabinet and of the Liberal caucus supposed to be if they are to listen to that kind of nonsense from the Prime Minister? He is so contemptuous of us that he thinks he can get away with anything.

I have a transcript of the press conference here, but the Prime Minister is not present to defend his actions or the actions of his ministers. He does not want to meet us face to face and argue with us; he just argues with the press. There he has the upper hand because he can say the press conference is over. On page four of the transcript he says:

[Mr. Crosbie.]

I think if in circumstances like that the law has to be broken technically in order to save a city, then I think either it should be broken technically or the law should be changed . . .

I am sure I agree that if somebody had an atom bomb and is about to set it off, I would approve the RCMP rushing in illegally to stop him, and so would everybody else. But, Mr. Speaker, that has nothing to do with breaking into the premises of a political party and the kind of activity that has apparently been going on.

There are three issues here. First is the dissembling of the government, its lack of concern about the administration of justice. The ministers who are responsible for the administration of justice have nothing but contempt for it. As I watched the Solicitor General today I thought the fetish of the fox must be the stonewall. He was not at all concerned about the reputation of the RCMP, the reputation of security agencies, or the reputation of the government. That is shocking, Mr. Speaker.

The Minister of Justice (Mr. Basford), who is sworn to uphold the law, is not in his place, and the Prime Minister, the big culprit, is out talking with Premier Lougheed when he should be in this House giving us an explanation. This shows a lack of concern about the administration of justice and a lack of care about the RCMP. Then they have the gall to accuse the opposition of attacking the RCMP. They show a lack of care about parliamentary government and democratic liberties. The Prime Minister was the author of articles in *Cité Libre*—now it is Cuba Libre. Where is he when we are talking about our democratic liberties in this House?

The second issue, Mr. Speaker, is the effect of being too long in power. This is government by disdain. The Prime Minister's statement reeks of disdain—"You are going to put up with me, Emperor Trudeau, no matter what I say or do." This shows arrogance and cynicism. On television you can see the cynical boredom of it all—the boredom of having to answer these questions, having to deal with these fools of reporters, these incompetent fools in the opposition. He does not mind the fools in his own caucus because he finds them even easier to deal with. He is like the Roman emperor who made his horse a Senator. He does not care who he has in the cabinet, how wooden headed they are, how incompetent, how lazy, how stupid—he does not care about that.

The third issue is the cover-up. This is Trudeaugate, not Watergate. It is a cover-up in this House in interfering with royal commissions. Is nobody shocked when they pick up the newspaper and read a heading "Ottawa Blocks Alberta Probe Into RCMP, Tax Activities" in the *Globe and Mail*? It refers to the solicitors general and a former minister of revenue firing off affidavits to stop a provincial royal commission from finding out whether the RCMP was involved with certain Winnipeg policemen and what happened in a secret agreement between the RCMP and the Department of National Revenue.

The article alleges that a civil servant admittedly lied. One Edmund Swatzack, a federal tax investigator, lied about the fact that wiretaps were given to the Department of National Revenue when he was first questioned about them. An RCMP

inspector, Graham George, overseer of the probe admitted under questioning:

. . . When the RCMP knows they can't wiretap under the tax act, they look for a Criminal Code violation and then the information gathered is used for income tax . . .

This is in Canada where the government is supposed to be responsible to parliament. Our system has gone completely off the rails. We do not have the checks and balances of the United States constitution. We do not have congressional committees—in this House we have eunuchs, not committees. They have no power and can do nothing when there is a majority government.

Not one government backbencher got up tonight and showed concern or alarm about this. Not even one who is a former law dean expressed any disquiet about it.

What is happening about this RCMP inspector and this federal tax investigator who has admitted lying? How is it that a Corporal Williams of the RCMP made a statement in March that on one occasion he had searched rooms under instructions from another constable and then, when testifying before an inquiry in June, he could no longer remember whether he had made a sweep? Is the royal commission to be allowed to get to the bottom of this, or is the stonewalling going to extend to that as well? What can anyone reading this newspaper think of our system of justice, Mr. Speaker? Why should we assume that anyone is going to observe the law if he can get away with not observing it?

These things are scandalous. Twenty years ago each incident would have made the headlines, but today nobody seems to care. The one who cares least is the Solicitor General who had the gall to stonewall all day and give these false arguments tonight, but no information.

The Prime Minister does not care. He only has disdain for the House and for us. What are they doing about John C. Doyle, one of the contributors to the Liberal party, who owes $3.5 million in income tax for 20 years and still does not pay. One case was heard last week when the judges threw out a spurious appeal, but there is another case to go. For 20 years income tax and interest have not been collected from John C. Doyle, a fugitive from justice whom the right hon. member for Prince Albert (Mr. Diefenbaker) in his latest book shows was heavily involved in certain peculiar events surrounding this House in 1963 and 1965. That is the kind of justice we have in Canada.

If you are on medium income or are poor, they put the old justice right to you, but if you are in the security forces, or if you are John C. Doyle, you are treated with kid gloves. If the people of Canada do not want to correct that, I suppose we can only shrug our shoulders and say we all have to get along.

The next thing is, they will be bugging us. They have already bugged the hon. member for Central Nova (Mr. MacKay). Lo and behold, they are bugging poor old Central Nova.

● (0142)

Some hon. Members: Oh, oh!

Mr. Crosbie: I say they are bugging. I cannot say it is the government bugging him. I don't know who else is being bugged. I am afraid I haven't been bugged, but I hope they find a bug when I ask them to look for one.

Now, Mr. Speaker, in the *Globe and Mail* of October 29 we read: "Fox Reveals Break-in." The fearful Fox, or fretful Fox, only revealed that break-in when he knew it would be revealed in any event. Asked if the mounties had broken into the headquarters of other political parties, such as the New Democratic Party, Mr. Fox said, and I quote: "We have made inquiries about headquarters of other parties and the answer is no. That is, to the best of our knowledge."

He is pretty careful. He cannot even guarantee that the RCMP had not broken into the headquarters of the New Democratic Party much less the Progressive Conservative headquarters, or the United News in Agony from Unemployment Headquarters, or whatever headquarters they are going to break into next. No the Solicitor General cannot guarantee that the RCMP have not broken into the New Democratic Party headquarters. That is what that statement in quotation marks tells me. "Not to the best of our knowledge". He should have said, "No, they've never broken into the New Democratic Party headquarters, and they never will break into the headquarters of the New Democratic Party as long as I am Solicitor General. I will protect the right of the New Democratic Party members to be wrong." But he did not say that.

Mr. Speaker, is it not peculiar that these events all happened in the province of Quebec? Is it because the Prime Minister (Mr. Trudeau) is just mesmerized by the province of Quebec? Anything goes in Quebec. It is like a foreign country. In the United States they can do anything outside the U.S., but they are not supposed to operate in the U.S. In Canada they can do anything they like in Quebec because the Prime Minister is obsessed with the Parti Quebecois. He is afraid he cannot meet them on their own terms. He says they can separate and there won't be violence used to stop them. He says there won't be force if they can persuade a majority to support them. The Prime Minister has conceded that, but then he turns around and apparently permits every kind of action to be taken to thwart them behind the scenes. It is because he is absolutely mesmerized by Quebec that all he can see is the problem in Quebec. He is afraid he cannot deal with it in a normal democratic way or on the hustings. That is why the Prime Minister is using all these other tactics. All those incidents we know most about—the arson, the break and enter, the theft, have all taken place in Quebec. There was one in Toronto, but most of them have occurred in Quebec because of this preoccupation of the Prime Minister.

I do not care what happens. If this House and if the government and the people agree that the Parti Québécois are free to organize in the proper manner and to use reason—not to use force—to try to persuade their people to separate, then illegal means should not be used to try to prevent this. The Solicitor General himself in his speech last Friday was discussing what the security force can do. I refer to page four of his speech. He said that they can ascertain and assess the nature

of the separatist threat in Canada with a view to identifying individual groups and organizations whose real or apparent purpose was to subvert or destroy by force, by violence or by threats of force or violence, Canada as a united country. No one has brought forward any evidence that the Parti Québécois has, as an objective or purpose, the destruction of Canada as a united country by force or by violence or by threats of force or violence. That is just not the case.

There is no excuse. These are directives given to the RCMP. They are the same as those given on March 27, 1975 for the same purpose when describing what the security service can do. It had to be clear to the security branch and the RCMP that they cannot and there is no justification for them breaking the law in connection with the Parti Québécois.

At least President Nixon taped himself, not just the opposition. One can only hope that there will be a few tapes in the future from which we might be able to get the truth, tapes of the Solicitor General and the Prime Minister not just tapes of the hon. member for Central Nova (Mr. MacKay) and a few others.

As far as the RCMP is concerned, everyone has been careful to say that they are not attacking the RCMP. Well, nor am I, Mr. Speaker. The RCMP is a fine police force, but I look at all police forces with a healthy scepticism and I am not afraid to say it. I have no fetish about the RCMP, and if members of the RCMP are going about Canada committing illegal acts in the manner we have evidence they have done in three or four instances, then I say the RCMP have to be brought to heel. They have to be brought to heel, and their political masters who encouraged them, or who are hiding them, or who directed them or who condoned those acts, have to be brought to heel also.

I believe this has been a valuable debate but it will be all to no purpose unless it helps change the government at the next election or unless some of the members opposite, when they go to caucus, do something to bring this lot to heel. If they are not prepared to do it here in the House then it must be done in caucus. Something has got to be done to shake them up. They are the only ones who can do it since everyone here knows that the government can do what it likes so long as it has a majority here. It is only some of its own members in caucus who can put a stop to it.

I suppose some may think that what we are doing here is a waste of time, Mr. Speaker. We are just putting our case on the record. But I am sure that there must be many members on the government side who must be just as dissatisfied with the kind of leadership they are getting and the kind of incidents that are going on. It has not yet reached the point reached in the Nixon affair, but that started out by people breaking the law in small ways, realizing that they had enemies and looking into tax files and all the rest. Look where it finally got them, Mr. Speaker. The same thing can happen with this government. The more it gets away with the worse it will get.

It is time the government came to its senses and gave us the whole story. Otherwise it is time for Liberal members to do something about it in caucus or for the people of Canada to terminate the regime of the members opposite. It is tired, disdainful, arrogant, worn out, and uncaring.

[Mr. Crosbie.]

Some hon. Members: Hear, hear!

Mr. Derek Blackburn (Brant): Mr. Speaker, the debate which has been going on all evening has now lasted well into the morning hours, it now being about 11 minutes to two. However, I think it has been a very worth-while debate and I hope that the members of the press will draw to the attention of the people of this country the seriousness of what we are discussing tonight.

For a number of years I was a schoolteacher. For several years in the riding I represent the incidence of breaking and entering on the part of teenagers has been on the increase. A lot of people in the community are becoming very concerned about this serious criminal activity. Yet the matter we are now considering involves, among other things, the conviction of three members of the RCMP, I believe, on charges of breaking and entering. In this case, though, for some reason or other, they were given a discharge or a conditional discharge—I do not know what the exact term is. Even though they were convicted, they were exonerated under the law. How do we address ourselves to the young people of this country when, on one hand, three law enforcement officers, presumably instructed by officials senior to them to break the law, are exonerated, when a 14 or 17 year old who breaks and enters a public or private residence is given two days, two weeks, two months, or whatever the sentence may be?

● (0152)

I am starting out on a very personal note this evening because I think we have to talk in terms of people. We have to talk in terms of how the law is applied to individuals. It is not so much how we philosophize on general principles and how those laws are applied to the people as a whole.

When I go home tomorrow, I may find a young man or young woman coming into my office and saying, "Why were those three RCMP officers given virtually carte blanche to break the law? When I stole a bicycle on November 12, 1975, I got a criminal record. I had to pay a fine or go to jail for a certain length of time." I will find that very difficult.

What we are talking about tonight goes beyond the individual, although I have the utmost respect for, and indeed our democratic system in this country must depend on, individual freedom and liberty. What we are talking about is essentially a conflict between how we define a security system under the law and how we protect people from that system.

I am quite convinced, although some of my colleagues might not agree with me on this point, that unfortunately we are living in an age where violence, terrorism, hijacking, spiriting people away and hiding them for 60, 80 or 90 days, and kidnapping, are commonplace. We do not know exactly how to cope with the situation.

I submit that we need to have a security system in a democracy, but where does the responsibility lie in this kind of arrangement? I charge the government with not really knowing where the responsibility lies. We have the RCMP and certain other security organizations within the government and the office of the Solicitor General (Mr. Fox). However, members on both sides of this House, and I presume I speak on behalf of the people of Canada, do not know where the responsibility lies.

You can talk about MI-5, the Security Intelligence Service, the Deuxième Bureau, all the security agencies in England, France, Italy, Germany and so on. We also have to address ourselves to the reality that we live in a world where there is espionage, terrorism, and covert activity. This country so far has been reasonably blessed with very few outbreaks of terrorism, hijackings, skyjackings and so on.

Where do we, as legislators in a democracy, draw the line? It is my opinion that the government by default tries to pass the blame whenever something happens such as the PQ office break-in in Montreal. Whenever the RCMP security and intelligence branch breaks into an office and somebody feeds the information to the press or a member of parliament, the government backtracks and says it is not its responsibility. Ministers say they knew nothing about it until it came to their attention last night, or somebody telephoned at eleven o'clock that morning.

The government puts the blame on the security system within the RCMP. However, if, and I say this hypothetically, some subversive element in this country were to be caught in the act, I am quite sure that those people opposite who are condemning the RCMP would take the credit for stopping that illegal activity. This puts the RCMP in a very embarrassing position.

I think we have the best police forces in the world at all levels of law enforcement in this country. Some may disagree. When talking about the township, county, regional, provincial or federal level, you find that in spite of our criminal justices system, which is lacking terribly in the due process, we have outstanding members in our police forces. That is why I find it difficult to condemn the RCMP out of hand. That is not what I am doing. That is why I stood up earlier on a point of order. I was not criticizing the RCMP per se. I was simply pointing out that three officers had in fact admitted to a criminal offence and had been convicted of that offence.

It is not easy today in our society to maintain law and order. We are the civil authority in this country as far as the Criminal Code is concerned. That goes for both sides of this House. I often have the impression that for some reason or other members opposite, specifically those on the Treasury Benches, members of the cabinet, have the idea that they are the only lawmakers in this country.

We are the lawmakers of this country. We have the right to stand up and speak our mind. That is exactly what I am doing tonight. However, how far does it go? For example, I see the President of the Treasury Board (Mr. Andras) sitting opposite at this late hour. As a cabinet minister, I congratulate him for being here at this late hour, and I say that in all honesty and integrity. But not too long ago the minister was minister of "unemployment", I think it was in those days, and of manpower, and we did have a problem.

● (0202)

Mr. Andras: Don't tell me we are going to hear all about Tran Van Quang.

Mr. Blackburn: Yes, we are going to hear about Dang Van Quang again. I understand he has changed his name, is alive and well, and living somewhere in Montreal.

I will deal briefly with this because it relates to the RCM Police. At that time the minister was responsible, not for the RCM Police but for the Department of Manpower and Immigration. As a member of the House of Commons I could get no official information about what the RCM Police had done with respect to this former South Vietnamese general who was obviously implicated in the narcotics industry of Southeast Asia.

I am not blaming the minister specifically for this. I do not know whether he himself could find out; I have an idea he could not. I have an idea that the RCM Police did not have that information. If they had, they may not have given it to him anyway. This leads me to the argument I am making now, that the RCM Police will give certain ministers of the Crown certain information that the RCM Police think they should have.

I ask, Mr. Speaker, who runs the country? Is it those of us who are democratically elected, or those of us who are members on the government side, or more specifically those of us who are members of cabinet? We on this side, and I dare say the press, do not know whether or not cabinet ministers can dial a certain number at the RCM Police and say, "I want the facts and I want them fast. I want all the facts".

If we on this side of the House do not know this, Mr. Speaker, then how in heaven's name do the backbenchers of the Liberal party know, and how do the public of Canada know, what in hell is going on in this country, whether something is subversive, whether something is above board, whether something is level or not level, whether a mistake has been made—in the case in point, the mistake being the former general from South Vietnam—whether it was simply a mistake that he came into the country or whether he came in by design, whether in fact certain people were paid to allow him to come in, whether certain members of the immigration department have since been removed from their positions? We do not know this.

The minister may stand up and say that this is innuendo. I agree, it is innuendo.

Mr. Andras: That is what it is.

Mr. Blackburn: Fine. But can he assure me he is absolutely correct, and that the one mistake made was in allowing Tran Van Quang into this country?

Mr. Andras: One very bad one was made; he was allowed in.

Mr. Blackburn: The minister has never told me who the person was who allowed that mistake to occur. He has never told me in the past three or three and a half years if he knew who made that mistake and whether any action was taken against that person. It is very easy for the minister to say that an error was made, but he has not given me any written evidence to the effect that a thorough investigation was made. There is nothing in print, either in *Hansard* or in the committee reports, indicating that a thorough investigation was made.

I still have great respect for this Chamber, Mr. Speaker. I think I speak for members on both sides of the House when I say that if we are to continue to have the same respect for the Chamber, then as the representatives of the people of Canada, from one coast to another and from the United States boundary to the northland, we will have to establish a much stronger and more effective committee system where we can, as committee members, subpoena witnesses, whether the government likes it or not. Somehow we have to maintain the great tradition of parliamentary democracy and at the same time adopt in part the congressional system under which committees have the right to subpoena witnesses and bring them before committees so they can be interrogated and asked questions.

If we are ever to resolve the questions surrounding the break-ins by the RCM Police—and the break-in at the premises of a duly constituted political party in Quebec is, in my opinion, even worse than Watergate—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but I must inform him that his allotted time has expired.

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker—

Mr. Friesen: We will applaud you since you have no one over there.

Some hon. Members: Hear, hear!

Mr. Blaker: That is the best news I have had today, Mr. Speaker. I am getting a little tired at this hour of the morning, so I hope my contribution will meet the hon. member's standards.

Mr. Knowles (Winnipeg North Centre): We have had a long day, have we not?

Mr. Blaker: It has been a long day, as the hon. member indicates. Some of us started in the early hours on a television program with the same debate this morning, and we are still at it late this evening.

I had hoped to acquire some insight into the subject matter of the national security service and the dilemma, as it has been properly called today, between, on the one hand, the need for security provisions and for an effective counterforce to deal with such matters as terrorism, and, on the other hand, the individual liberties of the citizen. I expected some attention to be paid to the matter of ministerial responsibility.

Part of my problem this evening is that I have jotted down a list of what looks to me to be about 20 items which might incur the wrath of the opposition parties in their view that the Solicitor General (Mr. Fox) or previous solicitors general, or the Prime Minister (Mr. Trudeau) or the cabinet, or any one or combination of those, could be held responsible for the break-in or for any other acts, whether legal or not.

The impression I have from the various arguments put forward by the opposition parties is that it does not seem to make too much difference whether or not an act committed by one or more members of the national security force or RCMP was committed at any particular time. It seemed to me that some of the comments indicated that responsibility went back as far as 1867. I could not understand whether or not it was sufficient that a member of the RCMP was accused, or whether it was necessary that he be found guilty of a criminal act, before we could conclude that there was any ministerial responsibility involved.

I was not too clear whether or not all members of the opposition, particularly the Conservative members, were of the opinion that knowledge of every specific operation undertaken by the security forces of Canada was required on the part of the Solicitor General, or whether, as others in the opposition seemed to indicate, the political forces of this country, specifically the Solicitor General, the cabinet and the Prime Minister, were altogether too aware of the activities carried out by the national police force and the security service. Therefore, I have not got very far in my understanding of what the contribution of the opposition parties is in regard to a better relationship between the elected government and the police force of this country.

• (0212)

I learned a little bit about some of the thinking of the various members of parliament. I am a bit disappointed that the hon. member for Central Nova (Mr. MacKay) found it desirable to walk into the House of Commons at three o'clock after the question period this afternoon and indicate that he had found an electronic bug in a chair in his office. Obviously I accept that as the truth, but I found it rather disappointing that he immediately went before the television cameras and suggested that this constituted evidence of an illegal act by the RCMP or by the police and security analysis planning branch.

Mr. Baker (Grenville-Carleton): He did not say that.

Mr. Paproski: He did not say that.

Mr. Blaker: I am prepared to be interrupted and I am prepared to be corrected. I was watching the eleven o'clock television news in the lobby, and when the hon. member for Central Nova was asked who he thought was responsible for the placing of an electronic bug, he said that he did not like to make accusations but it was his guess that it would be the RCMP or Colonel Robin Bourne. Those were his words, to the best of my recollection. If it becomes an issue, I will rely on my memory. I would be prepared to have a transcript of that television news program verified.

Mr. Baker (Grenville-Carleton): Which channel was it on?

Mr. Blaker: I am sorry I have to indicate to the Official Opposition House leader that I did not notice what particular channel the television was on. I am reasonably sure of that. In good faith, I would certainly pay attention to a demand on the part of the hon. member for Central Nova for a withdrawal of those remarks, if I am wrong. I do not think I am wrong. In any event, that does not please me. It has been brought up on the floor of the House this evening. Members of the force are not able to appear in the House to answer the charges which have been made. It is distressing that a particular member would see fit to make an accusation when he is unable to give any particular reason for believing they would be responsible. It could have been me just as well, or it might have been another member of this House.

Mr. Orlikow: A gremlin did it.

Mr. Blaker: The hon. member opposite said that a gremlin did it. The last time it was brought to the attention of the House it was done by the news media in the presence of CTV, if I recall correctly.

Mr. Knowles (Winnipeg North Centre): They did it to us.

Mr. Blaker: Yes, it was done to the New Democratic Party. If I were in the position of finding such a situation, I would not rush directly to an accusation of the RCMP. I would say that at least there is a possibility that it may be someone else. I am a little hesitant. I wonder whether we have contributed to an understanding of this problem of security across Canada when we just drop those accusations without any proof.

Another problem which I ran across during the course of the evening was that a number of members indicated that previous solicitors general, one of whom is now the Minister of Supply and Services (Mr. Goyer), and the other of whom is now the Minister of Consumer and Corporate Affairs (Mr. Allmand), in fact knew that certain legal acts had taken place by the RCMP, either during the tenure of their offices as solicitors general or subsequently thereto.

My understanding is that the Minister of Supply and Services and the Minister of Consumer and Corporate Affairs have clearly and absolutely denied any knowledge on their part with respect to the references to break-ins and the various illegal acts which have been attributed to the RCMP, and either proven in the case of the APLQ incident or other cases which have not been proven. It seems to me that comes very close to one of the traditional rules of the House of Commons, that we do not accuse people of lying unless there is very serious reason to believe that it is so. If there is an accusation by a member to the effect that a Minister is lying, normally it is brought before the Standing Committee on Privileges and Elections. In the calm of the early hours of the morning, I hope members, who left the impression unwittingly that the ministers are lying, would give some consideration overnight to that proposition.

RCMP

I understand the President of the Treasury Board (Mr. Andras) has raised already a matter of privilege, wherein the hon. member for Surrey-White Rock (Mr. Friesen) indicated that the RCMP has been deliberately manipulated by certain elements of the Liberal party. I hope I am not too inaccurate in my reference.

Mr. Baker (Grenville-Carleton): I think you are, on that one.

Mr. Andras: A vested interest within the government.

Mr. Blaker: I have just been corrected, and I understand that it is vested interests of the Liberal party, of deliberately manipulating the RCMP. It is the privilege of the hon. member to bring up such an accusation, but it is also a privilege of the hon. members on this side to invite the gentleman to go before the Standing Committee on Privileges and Elections or to withdraw his remarks.

An hon. Member: He did not say that.

Mr. Blaker: Not only is it an accusation against government ministers, it is also an accusation against the national police force of this country. It is a serious accusation if the public is permitted to go on believing, whoever the vested interests of the party are, that they can in fact manipulate the national police force.

An hon. Member: They certainly can.

Mr. Blaker: There is another accusation regarding a cover-up. In July the Solicitor General announced to the House that he had been misinformed, if I am correct in my wording, to this effect, whereas in the previous month he had been told that the APLQ incident was an isolated incident, that he had been informed subsequently by the RCMP that there were further allegations and it was not an isolated incident. In the view of the RCMP, he indicated that it would be desirable to have a commission of inquiry, whereupon the Solicitor General moved to institute a commission of inquiry led by Mr. Justice McDonald. He turned over certain documentation to Mr. Justice McDonald, which included the references which were made in the House today and Friday relating to what is now referred to as the barn burning incident and the theft of dynamite.

An hon. Member: Who burned the barn?

Mr. Blaker: I fail to see the comprehension of a cover-up when several months ago the Solicitor General, at the behest of the RCMP, created a commission of inquiry to investigate those charges. An hon. member opposite asks: who burned the barn? That brings us back to another kind of accusation. Members of the RCMP are being accused on the floor of the House of being guilty of barn burning and the theft of dynamite. I am sure the Official Opposition House leader will agree with what I am saying. We ought not leave before the public an understanding that there is right now guilt on the part of certain officers of the RCMP.

Mr. Orlikow: Is it not true?

Mr. Knowles (Winnipeg North Centre): Is it not true?

Mr. Blaker: The people in our society who determine whether those allegations are true are the courts and the judges. It is not up to members of parliament to assess whether or not members of the RCMP are guilty of a criminal act. You have to hear the other person's side of the story before you find him guilty. Members of the RCMP are not being given the basic courtesy of presenting their side of the story. At the time that these acts took place, there was not strict law prohibiting the use of electronic surveillance and many other actions of the RCMP. In 1975 a law was enacted, and that is still in existence now. In order to determine the guilt of an officer of the RCMP, you have to establish, as you do in other courts, that under the Criminal Code there is *mens rea*—a guilty mind. It is very open to question whether or not officers of the RCMP had the necessary degree of *mens rea* in order to qualify for an accusation of criminal offence. That will come up again and again. This not the first time that members of parliament are going to hear that.

• (0222)

Mr. Peters: You mean they do not know the difference between right and wrong?

Mr. Blaker: That was nothing to do with the question of *mens rea* before a criminal charge.

An hon. Member: Tell us about the APLQ break in.

Mr. Blaker: I am doing precisely that when I say that the proper way of handling such accusations is to have them heard before a judge in a court. That was done in the case of the APLQ. What is not done in the present case is to give members of the force the same opportunity to prove their innocence. Members of the House are left with the impression that members of the force are guilty of criminal offences for which they have not been tried and obviously not convicted. It goes a bit far when we stand here, with all our references to the rule of law and our approval of the RCMP, and take it upon ourselves to run individual men and women down without having heard proof of their guilt.

An hon. Member: We do not have their names.

Mr. Blaker: All the more reason not to make accusations of such a general nature because it smears hundreds of people in the RCMP rather than specific individuals.

The hon. member for Winnipeg North (Mr. Orlikow), who has been busy commenting with me—and incidentally I am enjoying the debate—is responsible for another remarkable criticism or accusation. He says the only reason these facts are coming out now is that the government, specifically the Solicitor General, is afraid that these facts will come out before the Keable Commission in Montreal set up by the PQ in Quebec. I thought it was perfectly clear to all members that it is the Solicitor General of Canada and the RCMP who forwarded documents to the government of Quebec which in turn gave documents to the Keable Commission, and which is the entire origin of all the details which are now available to the public.

Mr. Orlikow: How many documents have they classified as secret?

Mr. Blaker: I will answer that, but we should stay on one argument at a time.

How does the hon. member for Winnipeg North justify the accusation against the Solicitor General that he is afraid he must dribble forth this information at this time because of what the commission might say, when in fact it is the Solicitor General himself who, on September 19, better than a month ago, wrote to the minister of justice of Quebec and provided him with all that information? I think that if the arguments of partisan politics are to be accepted, a lot of leeway is left for members to argue as they see fit. Many interpretations can be put, but a direct contradiction with fact is more than we can afford, especially on this issue. If we are careless about facts, then the people of Canada will misunderstand our basic concerns.

We have in this country individuals and groups who will not accept the rule of the law and who are prepared to use methods to gain their ends that are extremely dangerous to the rest of society. Against that we have the rights of individuals, rights and liberties. The dilemma which was referred to in the House today is how to balance the one against the other. Instead of having a debate on the dilemma between the rights of society and the rights of individuals, about the function of a police force and the function of a security service, what we have are accusations against individual ministers, politicians, the cabinet, and the Prime Minister, which are obviously intended to score partisan points.

I warn hon. members opposite who have been on the worst end of it that, in the long run, obviously it will lessen the effectiveness of the national security force if it is possible to come on the floor of the House and make accusations which are unfounded, to accuse members of the force when no guilt has yet been proven, and generally to smear the activities of the force of which, at the same time, members themselves unanimously approve.

The hon. member for St. John's West (Mr. Crosbie) put forward arguments which I had some difficulty in following. I had the impression that he was suggesting that the Prime Minister had actually encouraged the RCMP to investigate the PQ.

Mr. Crosbie: Yes.

Mr. Blaker: That is an interesting statement.

Mr. Crosbie: That is what I suspect.

Mr. Blaker: Then I am not misquoting the hon. member; that is what he suspects. The Prime Minister went before a press conference on Friday and said that he learned of the investigation of the PQ which was in 1974 or 1975, he had

forgotten precisely which. The hon. member for St. John's West suspects the Prime Minister was responsible for ordering that investigation. I think we are agreed on the terminology, that he suspects the Prime Minister actively encouraged the RCMP to carry out that investigation. That is totally and flatly in contradiction of what the Prime Minister said. I hope the hon. member will take his responsibilities—since he is accusing the Prime Minister of being a liar and there is a time in our House of Commons when any member can stand on his feet and make such an accusation—and will give some thought to standing up and saying so publicly tomorrow at three o'clock, and take the consequences that go with it. This is a fairly serious business.

Now I turn with considerable respect to the hon. member for Peace River (Mr. Baldwin). What concerns me, and I hope to hear some views about that, is the subject of ministerial responsibility and parliamentary responsibility for the national police force of Canada and for national security. The hon. member for Peace River came very close to making the suggestion that what we need is a committee of parliamentarians who would oversee the national security service. I am puzzled about that. I have heard up and down the halls of the House of Commons members indicating that under the British system there is a committee of members of parliament who oversee national security service in Britain. That is MI-5 and MI-6. That is not true. There is no committee of members in Britain which oversees the national security service of Britain.

An hon. Member: The SIS.

Mr. Blaker: The SIS is one of the functions of the MI-5 and MI-6. Not only is there no committee of parliamentarians in Britain which oversees the activities of the security service, what is more, unlike Canada, there is interference in the right of editors to print what they see fit to print. In the British House of Commons the attorney general does not respond to questions related to the security service. It is unheard of in their tradition to have a debate of the nature we are having in the House of Commons today. It is completely out of the question, out of bounds, not done. To go further than that, in Britain, under a specific order of the government a D notice can be issued which prevents an editor from printing certain facts related to a particular issue of national security that is under consideration. We do not have any such control here.

I find that the issue of ministerial responsibility as it seems to be seen by the opposition puzzles me. If the opposition really and truly believe that the Solicitor General should be aware of every single operation undertaken by the RCMP or by the security service of Canada throughout the year, he would have to be personally aware of anywhere between 5,000, 10,000 or 15,000 operations undertaken by the police force in a year.

I see, Mr. Speaker, that you are about to rise to tell me that my time is up. I accept that, and I apologize to members for keeping them so late.

RCMP

• (0232)

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am sorry the parliamentary secretary has left. I just listened to him a few moments ago. He talked about the British system, and I would like to deal with his points one by one.

The hon. member is quite correct that, with respect to a matter of national security, questions would be asked and they would not be answered, but I hope the parliamentary secretary is not falling into the same line as that of the leader of the Liberal party, that this matter is one of national security, and that somehow the Parti Québécois, if this is what he is saying, a duly constituted political party—a party I abhor in terms of its objects, but it is duly constituted—was suddenly involved in upsetting national security. I think the hon. member for New Westminster (Mr. Leggatt) was absolutely right that the government cannot distinguish the issues, and the parliamentary secretary illustrated that. It is too bad, because he was summing up for the government.

The issue here in that one case is purely and simply political surveillance, and I dare say that in the U.K. House, the New Zealand House, the Australian House, or in the Canadian House, if a member of parliament did not ask a question about such a questionable practice as this or the government failed to answer if that question was asked, the people involved would be in equally bad odour, and they ought to be.

The parliamentary secretary seeks the floor. He had his moment. In fact he ran three minutes over his time.

The parliamentary secretary then commented on the remarks of the hon. member for St. John's West (Mr. Crosbie) indicating that he had said that the Prime Minister (Mr. Trudeau) had ordered the investigations which give rise to all this. I do not know whether the hon. member said that or not—

Mr. Crosbie: I didn't.

Mr. Baker (Grenville-Carleton): —but the record will clear that up, and the two hon. gentlemen can go at it in the usual parliamentary way.

What I am saying to the parliamentary secretary is that the Prime Minister certainly did not act like a vigilant Prime Minister. He said, "Gee whiz, boys, you've got to stop that". Then we heard nothing else until he suddenly erupted in surprise about the fact that something was happening. The narrow issue in terms of the Prime Minister is what he did. What did he do besides say "Gee whiz"?

An hon. Member: He didn't want to know.

Mr. Baker (Grenville-Carleton): Did he turn his back? My friend is the parliamentary secretary to a law officer of the Crown. There is a concept in law that you cannot do indirectly what it would be improper for you to do directly. I suggest the parliamentary secretary look to this lack of vigilance in the Prime Minister with respect to that, because when the issues of this time are sorted out that is one of the questions which must be answered.

Then the parliamentary secretary talked about the openness of the government. I think I am quoting him reasonably correctly. I think he said that the Solicitor General (Mr. Fox) moved very quickly. We have no evidence to prove that. All we know is that there appeared to be a certain reluctance on the part of the Solicitor General when he refused, knowing what was in his heart last Friday, to come into the House and to make a statement on motions, but instead bootlegged his statement into the throne speech debate so that he could not be asked any questions. It was shabby parliamentary practice. I have called it that before, and will say it now.

It was shabby parliamentary practice. They would not do that in Newfoundland, and they would not likely do that in the U.K. parliament. The parliamentary secretary holds that behaviour up as an example. That would not be allowed, and a minister would not even try to do that, in the U.K. parliament, but it was tried here so that the statement could get on the floor on a Friday afternoon. That was done so that when the Thibault Commission meets this week there will at least be a semblance of disclosure.

The Parliamentary Secretary to the Solicitor General (Mr. Blaker) tried to say that it has been an accusation of the opposition that wrongdoing was committed by members of the Royal Canadian Mounted Police. Well, I was down in Room 130-S on Friday and heard the Solicitor General himself condemn the RCMP when asked whether the acts were illegal. When asked whether those actions had been legalized by the issue of a warrant he said, "Well, I wouldn't be here if that were the case". In other words, there would have been no reason for the Solicitor General to come before parliament unless he was prepared—as he was here on Friday and as he did downstairs before national television—to make the first accusations against the RCMP. The parliamentary secretary is shaking his head. He is entitled to do that. I think he should take a look at the transcript. I was there, and I saw that story being made.

Given that situation, the other matter with respect to the Parliament of Canada is the parliamentary secretary saying in this place, which we call the highest court in the country when it is convenient, that somehow it is improper or wrong for a member of parliament from any side of this House to stand up and ask a question about the activities of any Canadian employed in the Public Service of Canada.

Mr. Blaker: I never suggested that.

Mr. Baker (Grenville-Carleton): The parliamentary secretary came awfully close to it. He talked about the damage to reputation either through debate or through questions in this House. He just finished doing that, and surely he cannot hold to that view. If he does—and I do not believe he does; I think in that sense he was defending the indefensible—then surely he is wrong and he must admit that.

The parliamentary secretary is right that the word "cover-up" has been used in the course of this debate. Cover-up is a word which has acquired its own particular meaning because of certain things which occurred in the southern part of North America to which this matter has been likened, rightly or wrongly, and I am not impressed with the pedantic arguments about whether it should be compared with Watergate. It really does not matter with what label it is painted; the fact is that a question has been raised in this House about the breadth of the terms of reference and whether they should be broadened to drive out of the mind of the most suspicious—not just in this House but outside as well—the thought that perhaps the terms of reference of the McDonald Commission are so narrow that they could reasonably be construed by the commissioners to apply only to the activities of the RCMP.

Incidentally, I say to the parliamentary secretary that that in itself could be an implied accusation by the government against the RCMP. I do not think it is fair that in the circumstances of this case there should be any doubt or even a difference of opinion between the government and the Leader of the Opposition (Mr. Clark) on the breadth of the terms of reference. I think the government should move immediately to broaden them. In his speech today the Leader of the Opposition indicated how far he thought they should be broadened. If we are to err in this House in terms of that investigation, we ought to err in giving the broadest possible powers. That is not an unreasonable request, and when there is this question, when there is this doubt, and when there are reputations at stake I cannot understand why there is not the broadest possible opportunity to look into the question of ministerial responsibility.

What passed between the ministers and the security service and the security service and the RCMP? If anything passed, what was it? Surely the ministers have a responsibility.

The interesting thing about all this is that the two former ministers who could perhaps cast the best light on what went on in this debate did not step forward. Those two ministers have been sitting together as seat mates and, I suppose, soul mates. They sat listening to the debate but did not leap to their feet saying, "This is my position—this is what I knew, not about l'Agence de Presse Libre, about which statements were made on former occasions, but about the things said in this debate tonight." But they said nothing, Mr. Speaker. What is anybody to think about such silence? That is where the cover-up comes in, because the government has not come clean.

● (0242)

The minister didn't come completely clean in his statement to the House today, even though he was on his feet for an hour and subjected to questions. If he had the issue would not still be in the news at eleven o'clock tonight. There it stands, and the government has the answer. As long as that is unanswered an accusation is implied—and perhaps more strongly than that—against the Royal Canadian Mounted Police.

One of the problems with this government is that while things are going well ministers take the credit, but when things start to go to hell they suddenly become innocent bystanders. I think we have to consider the position of the government then.

The hon. member for Niagara Falls (Mr. Young) asked in a humorous fashion whether the Solicitor General (Mr. Fox) should have knowledge of any matter undertaken by any agent or agency under his control. He expected me to answer yes to that question, but we know that is physically impossible. The minister cannot have such knowledge but, Mr. Speaker, he must have responsibility, and that is the issue in this case.

It has always been the tradition in our parliamentary system and in all parliaments in the Commonwealth, that a minister has responsibility for what happens in his department, even though he may not have knowledge. That applies here. Of course the minister cannot have knowledge, but he has ultimate responsibility. Of all the things in which the government is involved, it is inevitable that security activities will be primarily the responsibility of the executive branch and that, no matter what devices we think of, parliament can never have any great control over those security services. These things are given to a government willingly, on trust, but when that trust is violated, when a bug is found in a member's office—whether a government agency put it there God only knows—but when there are questions of agencies of government being involved in illegal acts, then that trust must be said to be violated. The government then owes this House and the people of Canada an explanation.

Thus far in this debate and during the question period today we have not been given an explanation. I say to them and to the parliamentary secretary who did his best to defend the indefensible, that the government's perspective in this matter is not in keeping with what I like to think are the traditions and demands of a democratic society.

What has happened, unfortunately, is that this defensive government, this secretive government, this arrogant government has somehow equated its interest with the national interest, and that is wrong, Mr. Speaker. That is the dilemma the government faces, not the dilemma put by the Parliamentary Secretary to the Solicitor General. The government violated the most sacred trust given to it by a trusting people—to keep control of the security services of the country. There is no other way they can be controlled, Mr. Speaker. The government violated that trust, and I say with respect to the Solicitor General, his predecessors and any ministers involved, even to the highest minister, that being the case, they are not fit for office. They are nice men and good to their families I suppose, but they are not fit for office. That is the issue we have to address.

The parliamentary secretary spoke of the need for security balanced against individual rights. I regard it as one of my individual rights that the security service will never overstep itself. I am not satisfied that this will not happen. I am not satisfied with the defence put up by the government.

The issue is simply ministerial responsibility. Either ministers knew and are part of the cover-up, or did not know and are incapable of supervising the most sensitive part of their departmental operations. In either event the ministry is wrong and the ministry should be ashamed of itself. It has let itself down, it has let this parliament down, and it has let the people of this country down. It will be answerable to those people for what has occurred.

I do not blame the RCMP, but they, like everybody else, are subject to the rule of law. The ministers have the ultimate responsibility for what must be done in this regard, however, and they will have to bear the ultimate burden for their failure to exercise it.

Before I go, Mr. Speaker, on behalf of all members of the House I should like to express to you and to the staff who have served us well and long this evening and morning, our grateful thanks.

Mr. Deputy Speaker: In my name and everyone's, may I say we were very happy to be here to listen to this important debate.

Pursuant to Standing Order 26(13) I am satisfied that the debate has been concluded. I therefore declare the motion carried.

The House stands adjourned until two o'clock this afternoon.

At 2.50 a.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, November 1, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL SECURITY

REQUEST THAT PRIME MINISTER BE PRESENT TO ANSWER QUESTIONS ON ALLEGED COVER-UP—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity, indeed a matter which is taken as being of the utmost seriousness by everybody except this government which treats it by casting aside questions and keeping the Prime Minister away from the House of Commons. Since the Prime Minister is responsible personally and directly for the integrity of this government and, more specifically, for the direction of national security activities by the government, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House demands that the Prime Minister of Canada be in his seat in this chamber at 2 p.m. tomorrow in order to answer for the illegal activities and cover-up by his government.

Mr. Speaker: Order, please. Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR VERIFICATION OF LETTER TO MINISTER CONCERNING BREAK-IN AT L'AGENCE DE PRESSE LIBRE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I too rise under the provisions of Standing Order 43. Considering that I have been informed that a letter was written to the former solicitor general, now the Minister of Consumer and Corporate Affairs, by the director general of security of the RCMP, dated December 19, 1972, bringing to his attention information about the break-in at L'Agence de Presse Libre in the fall of that year, and considering that the former solicitor general has maintained that he did not become aware of this break-in until March, 1976, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the Solicitor General to search his files to ascertain if such a letter, referred to as document No. 26 in the proceedings of the Quebec Keable inquiry, exists.

Mr. Speaker: Such a motion can be presented for discussion pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FEDERAL-PROVINCIAL RELATIONS

PROPOSED CONFERENCE WITH PROVINCIAL MINISTERS CONCERNING CO-OPERATION PENDING COMPLETION OF POLICE INQUIRIES—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43, in view of tensions between federal authorities and provinces such as Alberta and Quebec which are holding inquiries into various aspects of the administration of justice and affecting the RCMP since there are constitutional and legal aspects involved which, in all likelihood, cannot be considered fully by these inquiries until several months have elapsed, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the Solicitor General and the Minister of Justice convene a conference as soon as practical with their provincial counterparts to explore, on an immediate basis, ways of mutual co-operation until such time as all of the commissions of inquiry, including the McDonald Royal Commission, have had a chance to come to reasoned conclusions and recommendations.

Mr. Speaker: The presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

PROPOSAL THAT AUTHORITIES WHO ABUSED POWER BE FIRED—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous

consent of the House to present a motion dealing with a matter of very urgent and pressing necessity.

Considering the confusion which has been created by the illegal actions of the special RCMP committee which is responsible for the security of the state; given the general indignation among the Canadian people and considering that the government is directly involved in this inadmissible abuse of power, this situation resulting from their narrow views on the matter of national unity, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That the authorities who are directly or indirectly responsible for this abuse of power be immediately fired and that, if any minister of the cabinet is involved, he should resign forthwith.

Mr. Speaker: Order, please. The House has heard the terms of the motion put forward by the hon. member. The introduction of such a motion pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

GOVERNMENT ADMINISTRATION

ACCESS TO COMPUTER IN PRIVY COUNCIL OFFICE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the public revenues of Canada have been used to purchase and operate a $1 million computer in the East Block due to an idea that "sort of bubbled up" in the Privy Council office, with expenditures hidden under administrative services for the Privy Council, and in view of the fact that one major function of this computer is a highly sophisticated press information retrieval system for the Prime Minister, and since a computer expert states it was intended as a support for the Liberal party and has essentially become a Trudeau research bureau, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That the members of the Privy Council office be ordered to desist from bubbling up expensive baubles for the Prime Minister and that access to the computer and its information be given to all political parties represented in the House so that no one will be tempted henceforth to bug the bauble or retrieve the Prime Minister.

Mr. Speaker: The introduction of such a motion for debate pursuant to Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Matte.]

• (1412)

ROYAL CANADIAN MOUNTED POLICE

PROPOSED INQUIRY INTO BREAK-INS OF PROPERTIES OF POLITICAL PARTIES—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I rise on a question of urgent and pressing necessity in accordance with Standing Order 43.

I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That in the light of the fact that the federal office of the New Democratic Party was broken into on December 3, 1972 the government be directed to institute full inquiries into the searching or breaking into the property of any political party in Canada.

I do not refer, as the minister did, to party headquarters only.

Mr. Speaker: Standing Order 43 requires, for the presentation of such a motion for discussion, the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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VETERANS AFFAIRS

SUGGESTED REFERENCE OF SUBJECT OF DISABILITY PENSIONS TO COMMITTEE—MOTION UNDER S.O. 43

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I wish to move a motion under Standing Order 43 on a matter of urgent and pressing necessity.

The statement in this House by the Minister of Veterans Affairs (Mr. MacDonald) to the effect that the basic rate of disability pension will not be increased because of economic restraint has caused widespread national concern and dismay on the part of veterans' organizations and veterans generally. This refusal by the minister makes a mockery of Canada's commitment to veterans of the First World War, the Second World War and the Korean War. I therefore move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That the matter of disability pensions for veterans be referred to the Standing Committee on Veterans Affairs.

Mr. Speaker: Such a motion can be presented for discussion only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

CRIMINAL CODE

PROPOSAL TO REINSTATE CAPITAL PUNISHMENT—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, under the provisions of Standing Order 43 I would like to move a motion of urgent and pressing necessity. In view of the fact that every reliable indicator and poll in the last five years has shown that about 80 per cent of the Canadian people want to see a return of capital punishment in Canada, and in view of the fact that yet another police officer, Sergeant Ronald McKean, was recently gunned down and killed in Collingwood, Ontario in the performance of his duty, and as the people of Canada should no longer have to tolerate the procrastination of this government in bringing forward a referendum on this important issue of national concern, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the government take immediate steps to reinstate capital punishment in Canada.

Mr. Speaker: The presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The question period would ordinarily begin at this time. I have received notice of a question of privilege by the Solicitor General (Mr. Fox) which has a basic indication that it may pertain to events which would ordinarily follow in the question period. I should hear it in a preliminary way first, and I will guard the proper time for the question period.

* * *

PRIVILEGE

MR. FOX—REFERENCE TO STATEMENTS BY MEMBERS FOR NEW WESTMINSTER AND CENTRAL NOVA

Hon. Francis Fox (Solicitor General): Mr. Speaker, I rise on a question of privilege which I believe affects the privileges of hon. members of the House and which, in the course of the information I will give, should materially affect the course of the question period today.

During the course of the emergency debate last night the hon. member for New Westminster (Mr. Leggatt) referred in his speech to a document which on its face purports to be a memorandum addressed by Mr. Robin Bourne of the security planning and analysis branch of my department to the Minister of Labour of British Columbia. The hon. member referred to the document publicly, in spite of doubts expressed himself as to its authenticity. I want to report to the House at the first opportunity today that the document did not originate with Mr. Bourne and that it is indeed a false document.

Some hon. Members: Shame!

Mr. Fox: The paper it is written on is widely available in the Ottawa area. Further, the branch title is not correct. The document is unsigned, and the filing number is not even remotely similar to that used in that branch of my department. It is quite clear that the document is the work of a mischievous person or persons. Unfortunately, the hon. member for New Westminster, who expressed doubts about the document, did not choose to check it out with my office before making it public.

Some hon. Members: Shame!

Mr. Fox: It is my intention to turn the document over to the appropriate authorities for investigation. I sincerely hope that the hon. member for New Westminster would wish to—

Mr. Speaker: Order, please. If the Solicitor General is permitted to raise matters which might affect the question period, he ought to be confined very strictly to the merits of those matters.

Mr. Fox: I would like to raise a second point, but I hope the hon. member for New Westminster wishes to co-operate fully with that investigation so that the mischievous person or persons may be known.

Some hon. Members: Hear, hear!

• (1417)

Mr. Fox: The other point is that yesterday the hon. member for Central Nova (Mr. MacKay) also rose on a question of privilege concerning a bugging device found inside his office. The hon. member, according to press reports, indicated that this could well be the work of the security service of the RCMP. I have had the matter examined and I can assure the House that I, as Solicitor General, never authorized any eavesdropping of the hon. member's office and can further state that the Commissioner of the force assures me that no such bugging was done on the criminal side of the force. However, we on this side believe this to be a matter of the utmost importance, requiring that a full, complete, investigation be carried out in order to determine who is involved in such a despicable act. I wish to assure you, Mr. Speaker, that if you so desire you can count on the complete co-operation of the Royal Canadian Mounted Police in this regard.

An hon. Member: How about the government?

Mr. Fox: This matter is far too important to be dropped with the passage of time. Insinuations have been made. It is time for insinuations to be replaced by the truth and the truth can only come out through a quick, complete and thorough investigation.

Some hon. Members: Hear, hear!

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I would first of all like to tell the House that I accept the explanation provided today by the Solicitor General (Mr. Fox)

concerning the nature of the document in that it is what appears to be a sophisticated hoax.

Some hon. Members: Oh, oh!

Mr. Leggatt: But, Mr. Speaker, it is not unusual that any member of this House, given the kind of information that has been available to members in so many areas, would come to the conclusion that the document itself was legitimate. As I say, I accept the Solicitor General's explanation of course. I hope he will go further and not only tell the House that the document itself is false but that the information contained therein is false and that no intelligence activity of the nature alleged in the document took place with regard to the individuals named in the document.

Some hon. Members: Hear, hear!

Mr. Leggatt: I think if he could do that, it would certainly satisfy the House. I do accept his explanation concerning the document, however. I should say also that I am delighted he is following up with an investigation of the document because we are just as interested in getting to the bottom of these things as is the Solicitor General.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I shall be brief. I want to thank the Solicitor General for his statement. I also want to ask a question for clarification—perhaps he has covered this point but I did not quite catch it—did he indicate that it was the RCMP on the criminal side only from whom he had received this assurance or does this assurance cover all aspects of the RCMP or related agencies?

Mr. Fox: All aspects of the RCMP, Mr. Speaker.

Mr. Speaker: Order, please. Perhaps this has contributed to a more reasoned question of privilege on the basis of those matters that have been raised. In any case, the question period would have begun about seven minutes ago and I would therefore propose to continue it until about seven minutes past three.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR ASSURANCE MEMBERS NOT UNDER SURVEILLANCE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, it was certainly refreshing and unusual for us to hear from the lips of the Solicitor General the phrase that the truth can only come out through a quick, complete and thorough examination. We certainly believe that and wish that the government would consequently pay more attention to our demands for a special committee inquiry. In the absence of the Prime Minister who should be here in the House of Commons today—

[Mr. Leggatt.]

Some hon. Members: Hear, hear!

Mr. Clark: —my question is for the Acting Prime Minister. It relates to a letter to me from the Prime Minister received in my office on October 18 this year. I think it important that I quote it. It says in part:

I can, however, state unequivocally, that as long as I have been Prime Minister of Canada no Member of the Federal Parliament without his consent has ever been the subject of authorized surveillance, including electronic surveillance, carried out by the Security Service of the Royal Canadian Mounted Police.

● (1422)

That is the end of the relevant quotation. I would draw to the attention of the House that the Prime Minister explicitly limited that guarantee to the security service of the Royal Canadian Mounted Police.

In light of the revelation made yesterday by my colleague from Central Nova, I should like to have from the Acting Prime Minister the categorical statement that he has sought and received from the security service of the RCMP, and from any other security branch of the government of Canada, an assurance that the statement made to me by the Prime Minister is still operative.

Hon. Jean Chrétien (Acting Prime Minister): First of all, Mr. Speaker, I should like to tell the hon. member that so far as presence in the House of Commons is concerned the Prime Minister has a much better record than he has.

Some hon. Members: Hear, hear!

Mr. Chrétien: I had a meeting this morning with the Solicitor General and I have nothing to add to what he had to report to the House of Commons today about the bugging of the office of the hon. member for Central Nova. He asked the RCMP and all branches of the RCMP, as well as any people involved in security, about this and they gave him their word that they were not involved. Because of the importance of this matter, Mr. Speaker, and because it affects all members of parliament, I urge Your Honour to take upon yourself the carrying out of a full inquiry so that we will know exactly who has done this bugging.

Mr. Clark: Mr. Speaker, the Acting Prime Minister very carefully avoided my question. Can we have a categorical undertaking by the Acting Prime Minister, on behalf of the government, that the assurance given me by the Prime Minister in a letter received in my office on October 18 is still operative and that it applies not simply to the security service but also to every other security agency of the government of Canada? Can we have that assurance?

Mr. Chrétien: Mr. Speaker, we have no security organization but the RCMP. The Prime Minister wrote this letter and we have no changes to make to it.

Mr. Clark: Mr. Speaker, since the Acting Prime Minister, acting in his capacity as Prime Minister for the moment and responsible for all the activities of the government, has now given me a categorical assurance—because that is what I

sought—that the undertaking given by the Prime Minister is still operative and that it applies to any security activity of the Government of Canada, will the Acting Prime Minister tell the House whether, before coming to the House of Commons with that assurance, he personally consulted with the director general of the security service, General Dare, with the head of the security planning and analysis branch group in the Solicitor General's department, Colonel Bourne, and did he receive from each of them the unequivocal and total assurance that neither group had any involvement whatsoever, or has had any involvement whatsoever, in the surveillance, electronic or otherwise, of any member of parliament? Has the Acting Prime Minister sought and received that specific assurance from those officers?

Mr. Chrétien: Mr. Speaker, I said earlier that I talked with the Solicitor General this morning and that he sought those assurances from the RCMP. He gave his answer in the House of Commons a few minutes ago and I am thoroughly satisfied with the word of the Solicitor General.

NAME OF PERSON AUTHORIZING SURVEILLANCE OF CERTAIN GROUPS IN COMMUNITY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, we had on Friday the Solicitor General spell out for the House of Commons the March, 1975 mandate that is supposed to guide the activities of the security service of the government. Yet it has become evident that the government has been engaged in surveillance of individuals and groups who at best are involved in political dissent and not involved in subversion. This includes political parties, the media, labour unions and, for all we know, individual private Canadian citizens. What I want to know of the Acting Prime Minister or Solicitor General is who authorized the surveillance of political parties, the media and perhaps ordinary citizens of this country.

● (1427)

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, that is a rather unacceptable question. Yesterday the Solicitor General replied to all questions. He made himself available to the public on Friday. He gave all the facts to the House of Commons as to who authorized the taking of the computer tapes in Montreal. Insinuations like that are not worthy of a responsible leader of the opposition.

Some hon. Members: Hear, hear!

PARTI QUÉBÉCOIS BREAK-IN—ACTION TO REFER TO SOLICITOR GENERAL OF QUEBEC

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct my question to the Solicitor General. Last Friday the Solicitor General reported to the House that he had informed the authorities in Quebec of an illegal act involving the break-in of the Parti Québécois headquarters in Quebec four years ago.

Some hon. Members: Oh, oh!

Mr. McGrath: Those are his words. They are on the record. What we are dealing with here is the commission of two crimes. The first one has been referred to the attorney general of Quebec and quite properly so. What action has the Solicitor General taken to investigate what is a clear prima facie case of obstruction of justice under the Criminal Code by persons within his department or in his office? Clearly this would involve his predecessor, the present Minister of Consumer and Corporate Affairs, in a conspiracy or maladministration. Either way he stands indicted by the people of this country.

Hon. Francis Fox (Solicitor General): Mr. Speaker, if the hon. member cares to read my statement, he will see that at no point did I ever refer to a break-in at the Parti Québécois headquarters. That is a statement that has been repeated a number of times by the leader of the New Democratic Party in spite of my repeated statements to the effect that that is not the case. It was a break-in in another building in Montreal which housed the computer tapes.

Some hon. Members: Oh, oh!

Mr. Fox: Further to that, the hon. member asked a question concerning possible obstruction of justice. During the course of my tenure as Solicitor General, I have had the opportunity of reviewing the files concerning possible illegalities. In no case was there any evidence of obstruction by any one of my predecessors. On the contrary, all indications in the file are to the effect that as soon as my predecessor, the Minister of Consumer and Corporate Affairs, became aware of an illegal activity, he immediately advised the provincial authorities so that appropriate action could be taken.

PARTI QUÉBÉCOIS BREAK-IN—POSSIBILITY OF ACTION AGAINST DIRECTOR GENERAL OF SECURITY

Mr. James A. McGrath (St. John's East): Mr. Speaker, notwithstanding the statement made yesterday by the Solicitor General to my colleague, the hon. member for Egmont, to the effect that no one within the security service at the time, including the Director General of Security Service, considered this to be an illegal action, clearly an illegal act was committed and has been referred to the attorney general of Quebec. There are at least four sections of the Criminal Code that have been violated, including theft, break and entry, obstruction of justice and conspiracy. In the shameful absence of the chief law enforcement officer of this country, the Attorney General of Canada who has the responsibility here, I will direct my question to the Solicitor General. In view of the fact that he is obviously in a conflict of interest vis-à-vis his predecessor, the Minister of Consumer and Corporate Affairs, with regard to any attempt to commit a conspiracy under the Criminal Code, what action does the Solicitor General intend to take against the Director General of Security at the time who obviously

knew that a crime had been committed? Also, what steps will he take to establish a clear objective and impartial inquiry into the operations of the office of the Solicitor General of Canada?

Hon. Francis Fox (Solicitor General): Mr. Speaker, it is obvious that instead of asking questions the hon. member wishes to act as a judge and, in the absence of due process, condemn people who have entered into certain activities. As far as we, on this side of the House are concerned, we are ready to let the due process of law take place. We believe that the proper person to decide whether someone is guilty or not is a judge who has heard all the evidence or all the facts.

Some hon. Members: Hear, hear!

Mr. Fox: The hon. member also asked about a possible conflict of interest between my office and that of the present Minister of Consumer and Corporate Affairs. It is quite clear that on this side of the House we have wanted to ensure that there is not even the slightest appearance of conflict of interest and that is why we have set up a commission of inquiry which has all the powers necessary to examine any illegal acts committed by the RCMP. Also, in spite of what members of the opposition have said and in spite of what the editorial said in the *Globe and Mail* this morning, the commission has the power to call the appropriate ministers before it. I might add that the appropriate ministers, both the Minister of Supply and Services and the present Minister of Consumer and Corporate Affairs have already indicated publicly their intention to respond to any request to appear in front of that commission.

● (1432)

Some hon. Members: Hear, hear!

ALLEGED ILLEGAL ACTIVITIES—REASON FOR DELAY IN INFORMING QUEBEC POLICE AUTHORITIES

Mr. Edward Broadbent (Oshawa-Whitby): I have a question for the Solicitor General as well, Mr. Speaker. It concerns the obstruction of justice, not on the part of his predecessors, but of himself. I should like to ask the minister why, having learned of the RCMP involvement in arson and theft, two very serious offences, and having informed the Macdonald Royal Commission in the middle of July of this year about such activity, he took more than two months before getting in touch with the police authorities in the Province of Quebec to inform them of the same activity.

Hon. Francis Fox (Solicitor General): The answer to that question is quite clear. It is interesting to note that the leader of the New Democratic Party accuses me of having obstructed justice when I have brought the matter to the attention of the royal commission of inquiry which he, among others, requested should be set up. We set up a royal commission of inquiry in order that there might be an independent, impartial body to look into these various allegations. We thought it would be improper for the RCMP to conduct a complete investigation of those matters. We also thought it would be regarded by members of this House as an obstruction of justice if the RCMP had gone outside the force to interview, for instance, former members or other persons who might be involved in those acts.

For these reasons we referred the matter to the Macdonald Commission, but as we had some evidence coming forward of illegal acts we thought it would be proper to refer the matter to the Attorney General of the Province of Quebec. I find it rather an astounding proposition to hold that in cases where we have referred these facts both to a federal royal commission and to the Attorney General of the Province of Quebec that the hon. member would have the gall to talk about obstruction of justice.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, we on this side can put up with just so much rhetorical baloney. I have no objection to his informing the royal commission. The whole point of the question is that when the minister found out that there had been criminal wrongdoing involving arson and theft he took more than two months to inform the correct police authority so that they might investigate and prosecute. That is the question.

Mr. Fox: I answered the question previously—

Some hon. Members: Oh!

Mr. Fox: —I would point out to the hon. member that in the course of the debate during the month of June when I was saying that these questions involving criminal acts ought to be handled at the provincial level, the hon. member was telling us we were sending the RCMP to the dogs by confining them to a provincial commission of inquiry. The facts are there. We have referred the matter to police authorities. There are other allegations which have been made against the force and they have all been referred to the royal commission in order that they may produce the evidence. If they do come up with evidence, I would expect them to talk to me and to advise me to which attorney general I should refer it.

BREAK-IN AT L'AGENCE DE PRESSE LIBRE—REQUEST FOR VERIFICATION OF LETTER INFORMING MINISTER OF EVENT

Mr. Edward Broadbent (Oshawa-Whitby): You have not answered the question! Rarely have I heard such blatant nonsense from a lawyer. It is just rubbish. My last question concerns his predecessor but it must be put to the Solicitor General because, in accordance with the rules of the House, his predecessor cannot answer. The former solicitor general, the present Minister of Consumer and Corporate Affairs, said in the House that he did not learn of the break-in of the office of L'Agence de Presse Libre which took place in the fall of 1972 until March of 1976. I was informed yesterday that a letter, signed by the Director General of Security, was sent to the then solicitor general on December 19, 1972 providing information about the break-in that fall. In view of the serious contradiction between those two alleged sets of facts, would

the minister investigate the situation and find out whether such a letter was sent on that date and whether it was received?

An hon. Member: Read the letter!

Hon. Francis Fox (Solicitor General): Yes, Mr. Speaker.

* * *

[*Translation*]

SMALL BUSINESS

SUGGESTION MEASURES BE TAKEN TO PROTECT SMALL BUSINESS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I know we have been discussing a very important topic in the last few days, but still we should not drop all other matters of importance in Canada. I should like to put a question to the Minister of State responsible for Small Business. Can he tell us whether the government, during the summer break which ended recently, studied the problems of small business in Canada and whether, as the minister in charge, he intends to take concrete steps, first, to define what small business is and, then, introduce efficient legislation to better protect it in Canada and enable it to develop normally?

[*English*]

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, my predecessor spent a year studying the problems of small business and a good many of these studies resulted in—

An hon. Member: More studies!

Mr. Abbott: —a declaration by myself on his behalf early in my tenure outlining a ten-point program. But I will confess that the program is somewhat skeletal and thereby hangs a requirement to flesh it out in the coming months. I think that as time goes by we will be bringing in definitive programs which I believe will meet many of the problems faced by small business today. I cannot say they will meet all those problems because small business, like large business today, is facing very serious difficulties. I think we are going to bring in a number of measures—the hon. member is aware of the recent introduction of the CALURA amendments which will go a long way to reducing paperwork now faced by 70,000 small businesses.

[*Translation*]

Mr. Laprise: Mr. Speaker, on a supplementary. As small and medium-sized businesses are an important source of employment both steady and new, can the minister tell us whether he intends to recommend that a committee of the House study the question as proposed recently, in ten points, by his predecessor?

[*English*]

Mr. Abbott: Well, Mr. Speaker, I hope that when I introduce measures in the House I shall have the full co-operation of hon. members. I trust that the hon. member for Abitibi will take part in the debate.

* * *

NATIONAL SECURITY

POSSIBLE USE OF CENTRAL TELEPHONE SYSTEM TO KEEP UNDER SURVEILLANCE TELEPHONES IN OTTAWA AREA—GOVERNMENT POSITION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Acting Prime Minister. In April of 1973 I directed a number of questions to the government. One of them was whether the government had considered or developed a scheme under the Defence Research Board, Shirley's Bay, to utilize the central telephone system in Ottawa to keep under surveillance all telephones in the Ottawa area. If that was not happening, I would have expected a direct negative answer from the Prime Minister. But his response was: "It is not considered in the public interest for reasons of national security to disclose the details of intelligence activities."

In the light of recent events, particularly those of yesterday, will the Acting Prime Minister tell us whether or not the Shirley's Bay establishment has the capability of utilizing the central telephone system in Ottawa to keep under surveillance telephones in the Ottawa area and, if it has that capability, whether it is being so used?

● (1442)

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I am not particularly aware of this problem, but I will check and report to the hon. member. I do not think I am in a position to add anything to the answer given by the Prime Minister a few months ago, but I will check and if there is anything new about it, I will report to the hon. member.

[*English*]

POSSIBLE MONITORING OF MEMBERS' LONG DISTANCE TELEPHONE CALLS

Mr. Erik Nielsen (Yukon): Mr. Speaker, can the Acting Prime Minister inform the members of this House whether telephone calls, particularly long distance telephone calls, of members of this House were in any way monitored? Are there tapes being made of the conversations, particularly long distance telephone conversations of members? Does this capability to monitor and tape exist?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): The answer is no, Mr. Speaker, because I do not think it is in our interest to do that. In a letter addressed to the Leader of the Opposition, the Prime Minister has made it clear that the government had never allowed anyone to monitor telephone calls or keep the Parliament Hill offices of hon. members under surveillance.

[*English*]

Mr. Nielsen: Mr. Speaker, either the Acting Prime Minister did not get the gist of the question or chose to ignore it.

Some hon. Members: Oh, oh!

Mr. Nielsen: My question was this: does the capability exist to monitor and tape telephone calls, particularly long distance telephone calls, of members? Perhaps he could reply to that at a later time after looking into it.

My final supplementary question is: if tapes are kept of telephone conversations, particularly long distance calls, are these tapes listened to on a regular basis at meetings of officers of various deputy ministers, for instance, the deputy minister to the Postmaster General?

Mr. Chrétien: Mr. Speaker, I do not know of any capacity or any capability of this organization to do that. We are here today experiencing a fishing expedition, and I think fishing is better in the Yukon than in Ottawa.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: It depends on what you catch.

* * *

ROYAL CANADIAN MOUNTED POLICE

ALLEGED ILLEGAL ACTIVITIES—REASON FOR WITHHOLDING INFORMATION FROM CABINET COMMITTEE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Solicitor General and it refers to two answers which he gave yesterday. Since the Solicitor General confirmed yesterday once again that the illegal break-in had been "authorized by the most senior level of the security service of the RCMP, and that was by the person holding the rank of director general", and later in an answer to me he said that the cabinet committee on security and intelligence did not know about the illegal break-in, arson and theft because "everyone within the security service at that time, including the director general of the security service, did not consider it to be an illegal operation", I wonder if he can tell the House what made the director general think it was legal? Why was the information on this activity deliberately withheld from the cabinet committee for a period of some years?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I think there is a commission of inquiry which will have the full opportunity to explore those matters in detail.

Mr. Clark: This is the House of Commons.

Mr. Fox: It will have the opportunity of examining the director general and to hear his story. I do not intend to put words into the mouth of the then director general of the security service. I assume the proper place for this type of thing is in front of the royal commission of inquiry. We do not see why we have set up a royal commission of inquiry if we are going to conduct an inquiry on the floor of this House.

Some hon. Members: Oh, oh!

Mr. Fox: Perhaps the hon. members opposite could make up their minds as to whether they want a royal commission of inquiry, for which they themselves pressed for a long time, or whether they want us to talk about the details on the floor of this House.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Mr. Speaker, the Solicitor General cannot have it both ways. He cannot make a statement in this chamber on Friday on one of the most important issues which has come before this House for some time and then expect that questions as to ministerial information and responsibility are not going to be answered in this House.

Some hon. Members: Hear, hear!

MANDATE GIVEN TO SECURITY AND INTELLIGENCE SERVICE

Mr. David MacDonald (Egmont): The Solicitor General may be a fancy skater, but he has a responsibility to this House. If he is not able to inform the House, perhaps the Acting Prime Minister could, because he is all we have to deal with today. What was the mandate given to the security and intelligence services of the government by the cabinet committee on security and intelligence from 1970 on, which would have led senior officers to believe illegal activities would be justified if not publicly acceptable?

Hon. Francis Fox (Solicitor General): Mr. Speaker, there was no mandate given to the security service at any time indicating that illegal activities were justifiable in any way. The point has been made time and time again that all their activities had to be carried out within the framework of the law. There are a lot of people on the other side who are willing to judge and would apparently like to be appointed to the bench; but the judgment they are showing in this House certainly is not to their credibility.

Some hon. Members: Hear, hear!

Mr. Gillies: You are the one who reported it.

* * *

GOVERNMENT ADMINISTRATION

POSSIBILITY SECURITY INFORMATION STORED IN PRIVY COUNCIL COMPUTER—GOVERNMENT POSITION

Mr. David MacDonald (Egmont): Mr. Speaker, my final supplementary is for the Acting Prime Minister. Perhaps he will be able to clarify this situation. With respect to the secret million dollar computer located in the basement of the East Block, which serves the Privy Council and the Prime Minister's office, can the Acting Prime Minister indicate whether

any security or intelligence information, gathered either legally or illegally, has been fed into this computer? If so, who has had access to it, and has the information that has been gathered illegally now been disposed of?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, this computer which is now at the Privy Council is for the exclusive use of the Privy Council and the federal-provincial relations committee. It stores any information related to the activities of that office as in any other department. However, it does not collect information about national security.

* * *

[*English*]

NATIONAL SECURITY

INQUIRY WHETHER SURVEILLANCE ACTIVITIES APPROVED BY SOLICITOR GENERAL

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Acting Prime Minister and it is designed to seek clarification of that remarkable four-year period between the Parti Quebecois break-in and the time when the Solicitor General, the Prime Minister and other ministers were made aware of the illegal act. Is it the policy of the government to allow the director general of the security services, General Dare, to proceed with surveillance activities, including illegal operations against political parties, labour unions, farm groups and individuals, without prior reference to and approval from General Dare's superior, the Solicitor General?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, the government has never authorized any official to commit illegal acts in Canada. General Dare received new directives from the government a few years ago and this entire organization now works according to directives issued by the government in 1975, I believe.

[*English*]

REQUEST FOR TABLING OF GUIDELINES FOR SECURITY SERVICE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, evidently there was no answer. I have a supplementary question for the Solicitor General. In view of the answer of the Acting Prime Minister—

An hon. Member: You have already indicated that there was no answer. Make up your mind.

Mr. Jarvis: In view of the answer of the Acting Prime Minister, would the Solicitor General be willing to table in this House the guidelines which are now in place, together with those which were in effect prior to January 9, 1973, to ensure that the director general of the security services does not make what the Prime Minister prefers to call "technical" breaches of the law in his attempt to apprehend real criminals and not at the same time deny the obvious rights of private citizens of Canada?

Hon. Francis Fox (Solicitor General): Mr. Speaker, as far as the present mandate is concerned, the hon. member can refer to the speech I made in the House on Friday. I described and quoted from that mandate in detail. It is included in my speech.

Mr. Hnatyshyn: Selective discussion.

Mr. Fox: Hon. members opposite have honed in on one possible offence against the Parti Québécois, which is included in my speech, but perhaps in that process they are referring to a number of policy directives which were included in my speech. I ask the hon. member to refresh his memory.

Mr. Clark: He is evading the question once again.

Mr. Allmand: You cannot read either.

* * *

[*Translation*]

TRANSPORTATION

REQUEST FOR REPORT ON NEGOTIATIONS WITH QUEBEC FOR BUS LANE ON CHAMPLAIN BRIDGE

Mr. Ian Watson (Laprairie): Mr. Speaker, I would like to direct a question to the Minister of Transport.

Could the minister tell the House what is the present situation in the negotiations with the province of Quebec about a lane to be used only by buses on the Champlain bridge between Montreal and the south shore?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think that the National Harbours Board will give its approval tomorrow to the agreement with the government of the province of Quebec. We are awaiting approval from the province of Quebec.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

REASON FOR DELAY IN PROSECUTING MEMBERS OF SECURITY SERVICE FOR ALLEGED ILLEGAL ACTIVITIES

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to address my question to the Solicitor General as well. Today the minister said that there was a delay in informing the attorney general of Quebec about allegations of criminal actions pending a royal commission. I ask him whether the fact clearly is that the administration of justice, primarily, generally and certainly in this case, is the responsibility of the provinces? Why should the provincial administration of justice be delayed pending an inquiry that may take months, even years? I ask this question in light of the fact that thousands of other people, probably even tens of thousands, have answered in the courts charges of theft, arson and of breaking and

entering. Why is special treatment given to these particular people?

• (1452)

Hon. Francis Fox (Solicitor General): It is not a question of particular treatment given to anyone. The question is really one of developing evidence in examining complaints that have come in. What the hon. member is suggesting is that every time a complaint comes in concerning the operations or practices of the force, I should send the complaint to the provincial attorney general. The fact of the matter is that we have set up a royal commission inquiry which will examine the complaints to obtain factual evidence as to whether or not these complaints are substantiated.

Mr. Brewin: To see whether you can cover up.

Mr. Fox: I really do not see how, by referring the complaint to a royal commission of inquiry, which is chaired by a judge of the Supreme Court of Alberta, I can be accused of covering up.

Mr. Broadbent: Because Quebec had the information, that is why.

Mr. Fox: I would hope that the royal commission of inquiry will examine, as a priority matter, all the complaints, which may include allegations of illegal activities. If in the course of the examination of these complaints they come up with hard evidence that there has been a commission of an illegality, I assume that the royal commission of inquiry will advise me of the evidence they have come up with and will recommend that that evidence be brought to the attention of the relevant attorney general of the province. I really do not see why, if that is the attitude of the members of the NDP, they were pressing to such an extent to have the royal commission of inquiry. What they are saying is that they want a royal commission of inquiry but they do not want it to do anything.

Some hon. Members: Hear, hear!

Mr. Brewin: Mr. Speaker, I would again like to ask the Solicitor General whether he is now claiming there is any doubt whatever that there was an illegal break in? Did it take months for the royal commission to discover that fact?

Mr. Fox: I hope, Mr. Speaker, that it can be handled quite expeditiously by the royal commission—

Some hon. Members: Oh, oh!

Mr. Fox: —along with the other complaints that have been made. Once again, Mr. Speaker, the proof is in the pudding. We have referred all these complaints to the attention of the royal commission of inquiry and we expect them to examine them in an impartial light and to come to relevant conclusions.

[Mr. Brewin.]

PROPOSED CONFERENCE WITH PROVINCES TO ESTABLISH WORKING RELATIONSHIP PENDING REPORTS OF POLICE INQUIRIES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, the hon. member for Greenwood is aware, as we all are in the House except for the Solicitor General, that the terms of reference of the McDonald Commission are not adequate to do the job for which it was set up. In view of the growing tensions that are becoming so obvious between federal justice authorities and provinces, particularly the provinces of Quebec and Alberta, does the Solicitor General have plans to meet with his provincial counterparts as soon as possible in order to come to some interim working relationship until such time as the various commissions of inquiry are able to complete their work, which may take some months, and in order to facilitate the position of the police who are being caught in the middle of this important situation?

Hon. Francis Fox (Solicitor General): I met the attorneys general of all provinces, along with the Attorney General of Canada, during the month of June. I believe the situation as described by the hon. member is not quite exact.

While I am on my feet, Mr. Speaker, I would like to draw the attention of the hon. member to a point of misinformation which was contained in his speech last night when he once again, in an ominous fashion, tried to indicate that there was some plot between the government and the House and the fact—

Some hon. Members: Order.

Mr. Speaker: Order, please.

MEASURES TO ASSURE CO-OPERATION BETWEEN VARIOUS POLICE FORCES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, if I have given, advertently or inadvertently, misinformation in the House, certainly my record in the House is far below that of the Solicitor General.

Some hon. Members: Hear, hear!

Mr. MacKay: The record is available for all to see. I want to ask the Solicitor General, in order to facilitate and co-ordinate proper and amiable relationships between various police forces in this country, what new initiatives does the Solicitor General have in mind following, or in addition to, the meetings held from time to time of the criminal intelligence service of Canada? Does he have any new initiatives to meet what is obviously an urgent situation?

Hon. Francis Fox (Solicitor General): I say that in spite of the misinformation, the hon. member does not have the courage to stand up and ask the question which would permit us to clear it up. There are a number of initiatives that have been taken by the government in connection with the Canadian Association of Chiefs of Police in order to ensure greater co-ordination among the police forces of this country. So far as

attorneys general are concerned, I indicated, along with my colleague, the Minister of Justice, during my conference with the attorneys general last June, that we are ready to explore methods and means to have greater co-operation among all attorneys general because we think it is extremely important in the fight against crime in this country which is a matter of interest to all Canadian citizens.

* * *

NATIONAL SECURITY

PURPOSE OF OBTAINING LISTS OF PARTI QUÉBÉCOIS MEMBERS—POSSIBILITY INFORMATION GIVEN TO POLITICAL GROUPS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Acting Prime Minister and it is a follow-up of the general import of the question from my colleague, the hon. member for Egmont. It relates to the exchange of information. Certainly the raid or the break-in, whatever the Solicitor General wants to call it, of the two premises, that is the APLQ premises and the printing plant utilized by the PQ in the province of Quebec, had for its purpose, even though there was not a scintilla of evidence of any crime having been committed, to obtain lists, in one case a subscription list and in the other case a membership list. My question to the chief lieutenant of the Prime Minister in the province of Quebec, the temporary head of the government here today, the Acting Prime Minister, is this: The Minister of State for Urban Affairs in the House late last spring indicated that as the chief political organizer for the Liberal party in Quebec he had in his possession a list of all known separatist sympathizers in the province of Quebec. Is there any connection between these lists that the security services were after and the list now in the possession of one of the ministers from the province of Quebec? What was the purpose in getting those lists as far as the security service was concerned?

Hon. Jean Chrétien (Acting Prime Minister): The answer is no.

Some hon. Members: Oh, oh!

Some hon. Members: Why?

An hon. Member: Answer it.

Mr. Chrétien: Mr. Speaker, I gave a clear answer, Mr. Speaker. It is no.

Some hon. Members: Hear, hear!

Mr. Chrétien: When my colleague, the Minister of State for Urban Affairs, referred to a list of people who belong to the Parti Québécois, let me say that I know a lot of them in my riding and anyway I am not worried about the next election.

An hon. Member: Why don't you worry about the country?

Mr. Lawrence: I am glad the Acting Prime Minister can be that definite and that blunt in his answer. Perhaps today he will not be able to give me that assurance, but I wonder if he would make a very thorough check so that he could assure the House and the public tomorrow that no information gathered by the security services of the RCMP or any other security service of this government has in any way been passed through, passed over or given to any other political groups in this country as distinct from governmental groups either at the provincial or the federal level.

Mr. Chrétien: If I can make myself clearer, I will reply in French. La réponse est non.

Some hon. Members: Oh, oh!

Mr. Lawrence: Mr. Speaker, I want an assurance—

Some hon. Members: Sit down.

Mr. Speaker: Order, please.

KNOWLEDGE OF MINISTER AND PRIME MINISTER OF SCOPE OF SECURITY OPERATIONS

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is for the Solicitor General. When the MacKenzie report was tabled in the House in 1969, I made a statement with, I think, the full approval of the House, that it would be completely unacceptable for the House to have the security operations of this country put beyond the knowledge of the Prime Minister or the responsible minister of the government. Is it the position of the Solicitor General and of the government of this country today that the scope, not to mention the methods, of some of the security operations conducted in this country in the intervening years were beyond the knowledge of the supposedly responsible minister and the Prime Minister?

● (1502)

Hon. Francis Fox (Solicitor General): Mr. Speaker, as far as I am concerned it is quite clear that during the course of my experience as Solicitor General the RCMP security service was already operating under a very clear mandate which was given to it by the government in 1975. It was also made very clear to the security service and the commissioner of the force that all operations of the security service were to be carried out in full compliance with the law. The law, of course, has been amended since the period in question, and a number of new safeguards which I enumerated last night—eight or nine of them—have been introduced by the government to ensure greater accountability and greater control of the security service of this country.

Mr. Stanfield: I wish the Solicitor General or the acting Prime Minister would give me a simple answer to a very simple question. I did not ask the Solicitor General whether security operations have been conducted within the law. I asked him whether it was the position of the government that the scope of the operations—for example, surveillance of the

Parti Québécois and others—was beyond the knowledge of the responsible minister and the Prime Minister. That is the question I asked, and I would like a simple answer.

An hon. Member: Yes or no to that.

Mr. Fox: Mr. Speaker, I can answer from my own experience as Solicitor General for the past year that I have had weekly meetings with the head of the security service.

Mr. Clark: That is not the question.

Mr. Fox: I am kept fully apprised of the scope of the surveillance which is done by the RCMP in our country at the moment.

KNOWLEDGE OF PRIME MINISTER OF SCOPE OF SURVEILLANCE OF PARTI QUÉBÉCOIS

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, perhaps I can get an answer from the Acting Prime Minister to that very simple question. When the Prime Minister speaks as he has about surveillance of the Parti Québécois by security operations in this country, is it the position of the Prime Minister that the scope of these operations was beyond the ken or knowledge of himself and the responsible minister, despite the emphasis we placed on the importance of this when the McKenzie report was tabled in the House back in 1969?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I cannot answer on behalf of the Prime Minister on this specific case. According to what I know in the case, as soon as the Prime Minister knew that there was an investigation going on about the Parti Québécois he immediately ordered that that investigation stop, and the moment the Solicitor General learned that there had been some illegal activity he immediately referred the case to the attorney general of the province of Quebec.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ACCEPTABILITY OF CONDUCT OF SECURITY SERVICE TO SOLICITOR GENERAL

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Solicitor General. I want to have some clarification as a result of the statement he made last Friday. Perhaps you will excuse me, Mr. Speaker, if I give a preamble.

The minister asked the people of Canada not to be overly hasty in their judgment of this case. Those are strange words coming from the Solicitor General. He said the following:

> The action was taken on the authority of officers whose motives were of the highest order and beyond any doubt. It was authorized and carried out in the absolute conviction that its sole object was to promote the security of Canada given the political and social climate prevailing in 1973.
>
> [Mr. Stanfield.]

Was the Solicitor General suggesting to the people of Canada that the conduct engaged in in 1973 was and is acceptable to the Government of Canada, particularly the Solicitor General? That is what I want to ask. Has the minister an answer?

Hon. Francis Fox (Solicitor General): Yes, Mr. Speaker, I would be delighted to repeat the answer I have already given to the House at least ten times in the past two days, and that is that any illegal operation is of course unacceptable to the government of Canada.

Some hon. Members: Hear, hear!

* * *

ADMINISTRATION OF JUSTICE

INQUIRY INTO ALLEGED POLICE ILLEGALITIES—POSSIBILITY MINISTER WILL NOT INVOKE EXECUTIVE PRIVILEGE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is to the Solicitor General as well, and I for one am delighted by his obsession and commitment to arriving at the truth in the most expedient and efficient manner; the truth, incidentally, to which only he seems to be a stranger.

Having regard to the fact that the minister relies totally on the royal commission to bring out the truth about all these matters and because of the fact that there will be the revelation of at least ministerial indiscretions if not criminal involvement by ministers, I would like to ask the Solicitor General if he is now prepared to commit himself to forgoing his executive privilege which is inherent in section 41(2) of the Federal Court Act under which he can withhold evidence and documentation from this commission. Is he prepared to forgo this executive privilege in this case?

Hon. Francis Fox (Solicitor General): Mr. Speaker, in theory I cannot answer the question, but it is my intention to make all documents and all files in the possession of the RCMP available to the royal commission of inquiry. There may be some cases where I will ask the royal commission of inquiry not to make the contents of those files public if the matter of national security is involved. However, I will make all the files which are in my possession available to the royal commission of inquiry.

Mr. Oberle: The minister has told us that he is not prepared to forgo his executive privilege, and there may be documents which will be withheld by him.

Some hon. Members: Oh, oh!

Mr. Oberle: If the minister is extending this qualified co-operation to the federal royal commission which he himself appointed, will he also not forgo his executive privileges with respect to the commissions which are operating at the present time in the provinces of Ontario, Quebec and Alberta?

Mr. Fox: Mr. Speaker, the answer is quite clear: I definitely will not. It is my duty to exercise the rights which have been conferred on me by parliament under section 41(2). A provincial commission of inquiry has no right whatsoever to inquire into the day-to-day operations of a federal agency. That would definitely go against the terms of our constitution. It is my intention to make all documents available to provincial commissions of inquiry inasmuch as they relate to criminal actions which have been committed within the boundaries of those provinces, but I will not allow a provincial commission of inquiry to go on a fishing expedition with regard to matters which are of no concern to them, that is, the day-to-day operations of an agency of the federal government.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. HNATYSHYN—SEARCH FOR "BUGGING" DEVICES

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a question of privilege arising out of the revelation made yesterday by the hon. member for Central Nova and the action taken by Your Honour in response to it. My question of privilege deals with the sweep and the investigation which is being conducted, at Your Honour's behest, of the offices of members of parliament on Parliament Hill and Your Honour's invitation to hon. members from both sides of the House to request, if they deem it appropriate, that each of their offices be investigated by some authorities with respect to electronic devices and telephone-tapping devices.

If this offer is being made, if this service is being performed, and if police officials or others are coming on to Parliament Hill at Your Honour's request and with your consent, it seems to me that that consideration ought to be extended beyond Parliament Hill. With the greatest of deference to Your Honour, I think it should be extended to constituency offices which are funded, if not totally, at least partly by the House of Commons. Indeed, if hon. members deem it appropriate, it should be extended to their residence telephones.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: The heckling comes from hon. members opposite because they may think they have information we on this side do not have. But the point is that I have received complaints from constituents, and concern has been expressed that information given to and communications made with members of parliament at constituency offices and at their residences may be the subject of wiretaps, scrutiny and surveillance by certain agencies, firms or persons we do not know at this time.

Because of the fact that the House of Commons budget provides for constituency offices, because the discussions there are between constituents and members of parliament, and because political discussions between members of parliament and their colleagues are sacrosanct to our system of government, the courtesy Your Honour has extended to members with regard to their offices here ought to be extended further to include constituency offices and residences of members of parliament. I would ask Your Honour to see if it is possible to provide that kind of service to us as members of parliament in the continued performance of our duties.

● (1512)

Mr. Speaker: Order, please. The hon. member for Saskatoon-Biggar makes the suggestion that the Chair consider extending this service, or making it available to members, upon request, in respect of constituency offices. I will take the matter under advisement and see whether it is feasible.

* * *

OFFICIAL REPORT

MR. LANDERS—CORRECTION TO ANSWER

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): Mr. Speaker, I rise to correct an answer, appearing on page 383 of *Hansard*, that I gave on October 28 in response to a question from the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) concerning the cutting of timber in the area of a proposed reservoir at Gull Island on the Churchill River in Labrador.

Last Friday, Mr. Speaker, I told the House that the environmental impact statement respecting the project would be presented very shortly. In fact, Mr. Speaker, it is the guidelines for the preparation of the statement which will be issued in the near future, not the statement itself.

ROUTINE PROCEEDINGS

[*Translation*]

WAYS AND MEANS

INCOME TAX ACT

Hon. Jean Chrétien (Minister of Finance) moved that the ways and means motion to amend the Income Tax Act laid upon the Table, Thursday, October 20, 1977, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Ways and Means

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 50, 125, 144, 193, 207, 208, 214, 297 and 298.

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

[*Text*]

RCMP STRENGTH

Question No. 50—**Mr. Cossitt:**

1. What was the total strength of the RCMP during each of the past four years and what is the strength of the force at the present time?

2. How many persons left the RCMP by (a) retirement (b) personal choice (c) dismissal, or any other reason, during each of the past four years and what was the total of all those leaving the RCMP during the past four years combined?

3. Did the government at any time in the past four years investigate a morale problem in the RCMP particularly in higher levels and, if so, was one of the reasons found to be political interference with performance of RCMP duties?

Hon. Francis Fox (Solicitor General): 1.

	Regular Members	Special Constables	Civilian Members	Total
1973/74	11,097	847	1,093	13,037
1974/75	11,872	1,169	1,230	14,271
1975/76	12,336	1,248	1,357	14,941
1976/77	12,340	1,238	1,443	15,021
April 77	12,431	1,243	1,448	15,122

2.

Regular Members, Civilian Members and Special Constables Only

	(a) Retirement (Pensioned)	(b) Personal Choice (Time Expired) (Free Discharge) (Purchased) (See Note 1)	(c) Dismissal and (Dismissed) (Unsuitable)	Other (Died) (Invalided)	Total
1973/74	135	338	73	26	572
1974/75	153	384	36	32	605
1975/76	184	375	40	10	609
1976/77	193	354 (Resigned—see Note 2)	8	7	562
Total					2,348

NOTE 1: These terms were used to describe methods of voluntary discharge pursuant to the now repealed RCMP Regulations 162, 166, and 167. For clarity, "time expired', was the method to discharge a member who declined to re-engage on expiration of his initial term of engagement; "free discharge" was the method to discharge— (a) a regular member, other than an officer, with more than five years service in the force; and (b) a civilian member at any stage of his service who requested to be released from the force, and "purchased" was the method to discharge a regular member, other than an officer, with less than five years service in the force who requested to be released. A condition of release by "purchase" required the payment of an amount of not less than $200 nor more than $432.

NOTE 2: On may 14, 1976, the commissioner granted members the option of taking a voluntary discharge while facing disciplinary action. Members are taking advantage of this option and this has reduced the number actually being discharged as unsuitable or by dismissal.

3. No.

ANGLOPHONE MINORITY OF QUEBEC OUTSIDE MONTREAL

Question No. 125—**Mr. Herbert:**

1. Did the government recently receive a report concerning the anglophone minority of Quebec outside of Montreal and, if so, does the report indicate that (a) the Quebec City area and the Eastern townships counties of Arthabaska, Megantic, Drummond, Wolfe and Shefford have reached the point where the anglophone presence is no longer of significance, that anglophones in these areas have accepted the predominance of French, and all of those who have to be bilingual in order to function have already made the transition (b) the Gaspe, the Eastern townships counties of Richmond, Sherbrooke, Compton, Mississquoi and Stanstead as well as Hull, Papineau, Argenteuil and Gatineau are all moving in the direction of francophone dominance and to these may be added two counties which still have relatively substantial anglophone populations—Brome and Huntingdon, and that in both cases, recent demographic changes as well as attitudes of residents indicate the trend is toward increasing francisation and francophone ascendance (c) Hull and Gatineau are marked by a general trend towards increasing linguistic and attitudinal francophone predominance?

2. Does the report contain any indication that the Quebec francophone majority is in danger of being dominated by the anglophone minority?

3. Has the government communicated the contents of the report to the Quebec Provincial Government?

Hon. John Roberts (Secretary of State): 1. A report on the anglophone minority of Quebec outside Montreal was submitted to the Department of the Secretary of State in March 1977. (a) Yes (quoted from page 72 of the report). (b) Yes (quoted from page 73). (c) Yes (quoted from pages 74 and 75).

2. Yes, in the dominantly anglophone township of Pontiac. As Hull and Gatineau are considered "transitional areas", the general trend towards increasing linguistic and attitudinal francophone dominance might be threatened or even reversed in future as a result of expansion of Federal Government facilities, the presence of the National Capital Commission, and the influence of the anglophone majority in close proximity and able to reinforce the use of English by the anglophone minorities of Hull and Gatineau.

3. No, but the report has been made available to the public and has been forwarded to libraries as a resource tool.

CANADA DAY

Question No. 144—**Mr. Jones:**

1. Was the name Canada Day designated by law as the name of the official holiday on July 1 and which was formerly known as Dominion Day?

2. What authority does the government have to issue material and letters referring to July 1, 1977 as Canada Day and the week preceding as Canada Week?

3. Is it the intention of the government to change Dominion Day to another date closer to June 24, St. Jean Baptiste Day?

Hon. John Roberts (Secretary of State): Insofar as the Secretary of State is concerned: 1. No.

2. The government uses the statutory designation "Dominion Day" in official texts in which reference is made to the July 1 holiday. There is no act forbidding the use of the term "Canada Day" or "Canada Week".

3. No.

RETIRED PUBLIC SERVANTS UNDER CONTRACT

Question No. 193—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Intergovernmental Conference Secretariat and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Number of persons under contract—3; retired public servants—nil.

2. (a) 1975-76—$18,333; (b) 1976-77—$17,743. Retired public servants—not applicable.

PERSONNEL UNDER CONTRACT TO COMMISSIONER OF ELECTION EXPENSES

Question No. 207—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Commissioner of Election Expenses and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. One retired public servant.

2. (a) Nil; (b) $100 to one retired public servant.

PERSONNEL UNDER CONTRACT TO COMMISSIONER OF OFFICIAL LANGUAGES

Question No. 208—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Commissioner of Official Languages and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The Commissioner of Official Languages reports directly to Parliament and not through a minister. Questions can be made directly to him.

RETIRED PUBLIC SERVANTS UNDER CONTRACT

Question No. 214—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Economic Council of Canada and how many are retired public servants?

2. What was the total amount in (*a*) 1975 (*b*) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Number of persons under contract—50; retired public servants—2.

2. (a) 1975—$311,782; (b) 1976—$378,119. Retired public servants—$6,925.

EMPLOYEES OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES—1975 AND 1976

Question No. 297—**Mr. McKenzie:**

1. Has the Commissioner of Election Expenses obtained (*a*) part-time (*b*) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (*a*) average hourly rate paid to employment agencies (*b*) average hourly rate paid to employees (*c*) total amount paid by the Commissioner of Election Expenses in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Nil.

2. N/A.

3. N/A.

COMMISSIONER OF OFFICIAL LANGUAGES—EMPLOYEES FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 298—**Mr. McKenzie:**

1. Has the Commissioner of Official Languages obtained (*a*) part-time (*b*) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (*a*) average hourly rate paid to employment agencies (*b*) average hourly rate paid to employees (*c*) total amount paid by the Commissioner of Official Languages in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The Commissioner of Official Languages reports directly to Parliament and not through a minister. Questions can be made directly to him.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order, please. I wonder if I might take this opportunity, because of the amended procedures during the short term with respect to the conduct of the adjournment debate proceedings to 6 p.m. instead of 10 p.m., of informing the House, pursuant to Standing Order 40, that the questions to be raised on the adjournment motion at 6 p.m. are as follows: the hon. member for Winnipeg South Centre (Mr. McKenzie)—Industry; the hon. member for Surrey-White Rock (Mr. Friesen)—Customs; the hon. member for Provencher (Mr. Epp)—Central Mortgage and Housing Corporation.

GOVERNMENT ORDERS

[*English*]

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House proceeded to the consideration of Bill C-3, respecting the reorganization of Air Canada, as reported (with amendments) from the Standing Committee on Transport and Communications.

Mr. Stanley Knowles (Winnipeg North Centre) moved:

Motion No. 1—

That Bill C-3, an act respecting the reorganization of Air Canada, be amended in clause 7 by striking out lines 6 to 9 at page 4.

Mr. Baker (Grenville-Carleton): I rise on a point of order, Mr. Speaker. When we were dealing with the question of carrying business over from the last session of this parliament to this session, an understanding was reached among the various parties that we would proceed with the bills at the stage at which they are. Unfortunately, the amendments that were on the order paper—I am referring to one dated July 11, 1977—have not been set down.

There have been discussions among the Minister of Transport (Mr. Lang) and representatives of our party indicating that all those motions which stood in the name of the hon. member for York-Simcoe (Mr. Stevens) could be put down today as if they had been set down in the ordinary course, and would be considered during debate on Bill C-3. I understand that to be the case. I would ask the agreement of the minister for unanimous consent to do that, so that the essence of our understanding in the last session may be carried out.

Mr. Lang: Mr. Speaker, it would be agreeable to us to give consent to allow those motions to be heard. Naturally, I am interested in hearing the further wisdom of hon. members on the subject of the Air Canada bill. If it is more convenient to do so with regard to these motions, I am pleased to do so. I am given to understand that we may be able to dispose of these matters very quickly.

Mr. Speaker: Order, please. I take it that the sense of the agreement is that this bill, having been carried over from the last session, will be reinstated in the same position as it was in the previous session, and that it would be inequitable to restore the bill without restoring the report stage amendments that were outstanding at the time the restoration was made.

Therefore, I take it there is unanimous consent that the motion be now put that the report stage amendments outstanding at the time the bill was ordered restored, or at the conclusion of consideration in the last session, be now reinstated along with the report stage of the bill, in order that they can now be taken into consideration. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there is one further matter with respect to House business. We are now proceeding with Bill C-3. In view of the motions that were put down today by the Minister of Finance, could I ask the deputy House leader of the government about the legislative program? Does the bill that flows therefrom now take priority in terms of House business, as indicated earlier? It would be very helpful if we knew that, and when it would be taken up the first time.

Mr. Cafik: Mr. Speaker, in response to the question, I had informal discussions with the hon. member to the effect that today we will deal with the Air Canada bill, Bill C-3, followed by Bill C-8, the Canada Labour Code; then we would move to Bill C-7, CALURA. The ways and means motion tabled today will be dealt with on Thursday, I think, subject to some adjustments. I will speak to the hon. member and other House leaders later if there is any change.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I refrained from taking part in the point of order discussion that arose a few moments ago because I have no objection to last session's report stage amendments being reinstated. However, I understood it the other way. I thought it was required that we put our report stage amendments back on the order paper, but apparently I am the only one who did.

Mr. Mazankowski: You probably never left the place.

● (1522)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, according to the order paper it was filed on October 21, and by then most hon. members were back here too. However, I am also caught by surprise because I thought we would be debating the bill to amend the Canada Elections Act this afternoon; but here we are on Bill C-3 and in particular we are on my report stage amendment, which is one that was put down in

the previous session and debated but not voted on prior to the prorogation of that session.

The standing committee which dealt with the bill wrote into it a clause which was not there when the bill was given second reading in the House. The clause is one which was proposed in one form or another by members of the Progressive Conservative party, and although the government did not accept the precise wording proposed by the Progressive Conservative members, it did accept the idea. As a result, there was put into the bill subclause 7(1.1) which reads:

In discharging its responsibilities under this act, the board shall have due regard to sound business principles, and in particular the contemplation of profit.

We think it was a mistake, Mr. Speaker, to put that sort of language into this bill. We think the purpose of an organization like Air Canada should be mainly to provide service to the people of Canada, and that it is a mistaken view to say that its main purpose should be the contemplation of profit. We are not suggesting that its purpose should be to go into the red; we are not opposed to the making of a profit if things work out that way. But we do suggest that it puts Air Canada off on the wrong foot, if you can say that about an airline, to say that its main purpose should be the contemplation of profit. Therefore, we think that those words, which were put in by mistake when the bill was in committee during the last session, ought to be removed, and this is why I have put down this report stage amendment to remove lines 6 to 9 of clause 7 on page 4 of Bill C-3.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome the opportunity to speak on the new Air Canada Act, Bill C-3, a measure respecting the reorganization of Air Canada, and I particularly welcome the opportunity to speak on the motion moved by the hon. member for Winnipeg North Centre (Mr. Knowles). The hon. member for Winnipeg North Centre is a very respected member of parliament and the second senior member of parliament in this country. I was somewhat amazed, however, when I read his motion requesting removal of this clause which provides as follows:

In discharging its responsibilities under this act, the board shall have due regard to sound business principles, and in particular the contemplation of profit.

In my opinion, Mr. Speaker, that should be written into every act today which deals with Crown corporations and government agencies, not only in the federal government but in the provinces. What the Canadian people are looking for today is better management within government and the cutting out of much waste and mismanagement costing hundreds of millions of dollars. I do not know whether the hon. member for Winnipeg North Centre has read the Estey report, but it was a very critical document so far as Air Canada management is concerned.

I am sure the hon. member for Winnipeg North Centre is well aware of the number of times I have spoken in regard to Air Canada, particularly its finance branch in Winnipeg where there were no end of problems in connection with unaccounted for airline tickets totalling at one stage some 225,000. Last spring Mr. Taylor, president of Air Canada, informed us that this number had been reduced to about 80,000 tickets.

I think the amendment presented in committee by the hon. member for Vegreville (Mr. Mazankowski), to the effect that Air Canada be accountable and that it operate in a business-like manner, is an excellent one. If I may just refer to the remarks of the hon. member for Winnipeg North Centre on July 19 last when the bill was at report stage, the hon. member made this comment, as reported at page 7810 of *Hansard*:

The business world has had charge of this country for 110 years and has had plenty of opportunity to pursue sound business principles. And look at the mess we are in today.

Well, Mr. Speaker, we are in this mess in our country today because we have had a number of provincial socialist governments as well as one here in Ottawa. We had the Barrett government which was in power in British Columbia for three years and exercised no sound business principles whatsoever. They turned a $50 million surplus into a $500 million deficit in just three years. The Canadian people are fed up with this kind of government. They want some sound business principles introduced into the operations of government, Crown corporations and the like.

Despite the missing airline tickets and the mismanagement outlined in the Estey report, Air Canada has still been allowed to increase air fares. I have objected to this because it is one other way in which the Canadian public has been gouged. Air Canada should be put on a sound footing first, before being allowed to increase air fares. This is another example of how we would protect the Canadian public, Mr. Speaker.

In explaining his motion, the hon. member for Winnipeg North Centre said this:

It is not our suggestion that the board of Air Canada should work hard to achieve a loss, but we do think that the main purpose of a government-owned corporation should be the provision of service.

I agree there should be provision of service, but if the airline has unprofitable routes, the government should subsidize them. In committee last spring, Mr. Taylor had no objection to the motion having to do with Air Canada being run in a business-like manner; as a matter of fact, as I recollect it, he welcomed it. The hon. member for Winnipeg North Centre went on to say:

—we are faced with massive unemployment today, with runaway inflation and with conditions which deny to our people the kind of economy and justice to which they are entitled.

Unless we have more sound business principles and are able to deal more effectively with business in Canada, there will not be any businesses to deal with. There is a mass exodus of businesses and investment money from this country because businessmen and investors do not trust socialist governments.

What four men have done to this country, Mr. Speaker, is just unbelieavable. One of them, Mr. Barrett, has been removed. Premier Schreyer of Manitoba had a very bad record in Manitoba, as a result of which there has been a mass exodus from the province of businesses and investment money which is attributable to the socialist climate. Then when Mr. Blakeney nationalized the potash industry of Saskatchewan, he put the fear of death into American investors throughout the United States. In addition, we have a government today which governs

by order in council, and has also put the fear of death into the business community. Thus you can see, Mr. Speaker, why it is so important that we return to sound business principles while there are still some businesses left in this country.

• (1532)

Another example of a government that did not operate on sound business principles was the Schreyer government in Manitoba. When it left office we were told there was a deficit of perhaps $21 million. We have since found out that the deficit in Manitoba will reach $71 million. It can, therefore, be seen that sound business principles were not exercised in Manitoba. The new Manitoba government will have to get along with the many money-losing ventures the socialist government entered into in that province. It has cost Manitoba taxpayers a tremendous amount of money.

The Manitoba government did not use sound business principles when it went into the airplane manufacturing business. Saunders Aircraft cost Manitoba taxpayers $38 million through this failure. Also, they are in the bus manufacturing business. This has cost the taxpayers over $35 million. It goes on and on. They even got into the Chinese food business. I like Chinese food, but I like to buy it from a Chinese restaurant, not the government. They did not last very long in the Chinese food business. However, I have not seen any Chinese restaurants fold up in Manitoba; they use sound business principles such as we want to see introduced into the Air Canada Act and the Air Canada operation.

Another example of governments getting involved in business and not using sound business practices is the socialist governments which have been in Saskatchewan for many years. Their bauxite factories, and all the rest, folded up.

Another reason a clause like this should be introduced with regard to this particular Crown corporation operating on sound business principles is found in a recent statement by the Auditor General. He said:

> The present state of financial management and control systems of departments and agencies of the government of Canada is significantly below acceptable standards of quality and effectiveness.
>
> We feel very strongly about the fact that unless the systems are corrected the day may well come when I cannot give a clear certificate on the accounts of Canada.

That is what we want from Air Canada, a clear certificate of the accounts. We do not have that now; this was highlighted in the Estey report. The business community, business people and investors are looking for sound business principles. I wish to quote a financial expert who wrote an article in the October 3 edition of the Winnipeg *Free Press*. He stated that clients investing outside the province will cost the province 4,000 jobs. This is because of having a government which did not use sound business principles. They were interfering with the business community, causing them no end of concern.

The article points out that you can live with a lot of high taxes and government interference, but you cannot live with uncertainties brought about by socialist governments. No business or investor will invest when there is uncertainty. That is why there was such a mass exodus of businesses leaving for the United States. Who ends up paying for this? It is the Canadian taxpayer: he must pay the huge amount of money required to operate the Unemployment Insurance Commission.

A further example of why we should be operating on sound business principles is the uncontrolled spending and uncontrolled growth we have had with the federal Liberal government. In ten years the federal budget has skyrocketed by 350 per cent, from $8.8 billion to a forecast $46 billion in the fiscal year April 1, 1976, to March 31, 1977. Transfer payments of $21.4 billion represent a little more than half the current budget. Of these, more than $9 billion went directly to Canadian citizens in social welfare expenditures such as old age security, family allowances and unemployment insurance payments.

Everyone in Canada knows that the hon. member for Winnipeg North Centre is the champion of old age pensions and veterans pensions. We have all supported him in this. I am sure he will agree that if all government departments and Crown corporations operated in a businesslike manner, a lot more money would be available for pensions. I would sooner see money spent on pensions than allow Crown corporations to operate on their own, not properly accountable to parliament.

Because this government has not been using sound business principles, the national debt of the federal government will be around $28 billion at the end of the fiscal year, the result of budget deficits in 20 of the last 23 years. The interest on the national debt, which was $1.2 billion in 1967, will be around $4.6 billion at the end of this fiscal year, making it the third largest federal expenditure after health and welfare, economic development and support. If the government were following sounder practices, the money would not be going out to pay this huge debt. More money would be available for pensions which the hon. member for Winnipeg North Centre and others speak about on a regular basis.

With regard to businesses leaving Canada because of the uncertainty here, I wish to point out some of the reasons for their leaving. Uncertainty is the many-headed monster that has been established by the various socialist governments we have had across Canada. It has been perpetuated by our collective leadership.

What seduces businesses to look south of the border is not necessarily the big market, the bigger tax incentives, lower taxes, lower interest rates, less government interference, a more stable work force with better motivation and a strong sense of the work ethic, lower wages and high productivity; rather, these factors more often than not are just the last straw for belaboured-by-paper-work businessmen pronounced guilty until proven innocent by the all-powerful and daily growing governments of our day. Any one may tend to be just the icing on the cake of uncertainty.

Because we do not deal in sound business practices with the business community, we are governed today by order in council, something I do not support. It causes uncertainty and lack of accountability. This has been highlighted by the many auditors general reports we have received over the past few

years. Under the circumstances in this country today, and after the election in Manitoba, it has been made quite clear that the people want to get back to responsible government. The government which has just taken over in Manitoba gives every indication that it will be a down to earth, no nonsense government. This is what the Canadian people want.

I suggest that the hon. member for Winnipeg North Centre reconsider this motion calling for Air Canada not to be accountable, because the Canadian people are calling for Crown corporations and all government departments to be accountable. It is time we took a step in this direction. I say to the hon. member for Winnipeg North Centre that once we get on to these sound business practices there will be a lot of money for increasing pensions for veterans, senior citizens and everyone else. I therefore suggest that he reconsider his motion at this time and withdraw it.

• (1542)

Mr. Peter Stollery (Spadina): Mr. Speaker, I should like to say a few words on the motion put by the hon. member for Winnipeg North Centre (Mr. Knowles). I begin by wondering about the comments of the previous speaker, which sounded to me more like Manitoba politics than anything pursuant to the motion or to the bill we are considering. I really do not understand what this has to do with a defeat or otherwise in Manitoba provincial politics.

We are dealing now with an important Crown corporation and with a principle which has been injected into the debate by the hon. member for Winnipeg North Centre, namely, whether a Crown corporation should give first priority to making a profit or whether its first duty is to serve the public. In my view, the hon. member for Winnipeg North Centre takes the rather extreme view that we should abandon the idea of such a corporation operating on the basis of sound business principles.

Before pursuing this subject further, I should like to draw attention to the rather excellent job, in my opinion, which Air Canada has done in the past year or 18 months since the new president took charge. We all know that it is customary for people in this country to complain about Air Canada. I think it is time we paid Air Canada some of the compliments which are due to it, particularly under the management of the new president.

When I hear about the desirability of applying sound business principles to the airline business, I find difficulty in thinking of any airline which operates solely on the basis of those principles, that is, without a great deal of government assistance. The airline industry is famous for the various forms of government assistance it requires, ranging from direct subsidies to contracts for carrying mails and contracts for carrying government employees.

The purchasing of aircraft is, in itself, a complex business. We all remember what happened a year or two ago with the Lockheed experience. We know, for example, that Lockheed was selling airframes—it was not the case in Canada—to various airline companies, using very dubious procedures. The best example of an airline which operates in accordance with business principles would, I suppose, be Pan-American, and I do not think Pan-American is any paragon among airlines. The last time I was on one, they had cockroaches in the galley. I took great interest in bringing this to the attention of the stewardess.

An hon. Member: Why were you in the galley?

Mr. Stollery: I was having a drink, of course. That is what I was doing in the galley.

Mr. Peters: It is pretty bad when you have a cockroach in the booze.

Mr. Stollery: Yes. As the hon. member for Timiskaming (Mr. Peters) said, it is pretty bad when you have a cockroach in the booze.

I think we should give credit where credit is due, and the improvement in Air Canada is due in great measure to the new management. Everyone in Canada complains about Air Canada. I think that in the last year or 18 months Air Canada has done a fantastic job in improving the service, while at the same time operating generally on the basis of sound business principles. I think we would be very remiss if we did not insist that an airline should pay regard to sound business principles, and I see no reason why Air Canada should not at least contemplate making a profit: it may not do so, but I do not see why we should tell them that they should not even contemplate a profit. If that were the approach, I think the taxpayers of Canada who have to make up the deficiency if the airline does not make a profit would not find the situation very satisfactory.

I say this to the hon. member for Winnipeg North Centre: I think Air Canada should serve routes on which it is bound to take losses, otherwise there is no reason for the existence of Air Canada. If only profitable routes were served, there would be no point in having a national airline. I also think that Air Canada should have the right to operate on the profitable routes to offset losses incurred in maintaining flights to cities which private airlines cannot possibly serve without government subsidy. Airlines and government subsidies seem to go together—this includes private airlines—and will increasingly go together as energy becomes more expensive and the cost of buying new fleets of aircraft increases.

I cannot at this time go into the various financial arrangements among the regional air carriers and federal or provincial governments. I will simply note that Western Airlines is now owned, I believe, by the government of Alberta because that government—which, incidentally, is known to be a great supporter of free enterprise—has, presumably, decided it should get into the aircraft business on the ground, for all I know, because there are parts of western Canada which require to be served by a state-supported airline.

Whether there is a credit balance shown at the end of the year means nothing because of the many forms of subsidy which can be made available. We are most unfair to Air Canada in asking them to do so many things at once. We want

them to serve parts of the country which cannot be served by other airlines. We want them to make a profit. We want them to give better service than is given by similar airlines in other countries. We want them to put in fewer seats than do similar airlines in other countries. In effect, we have asked them to do what is impossible; and when they cannot do it, we complain. I do not think that is right.

I cannot agree with the motion, because it would be folly to operate Crown corporations in other than a businesslike way as far as possible. Such an approach would discourage Crown corporations from even contemplating making a profit, and that is something which no responsible government could endorse. So with all due respect to the hon. member for Winnipeg North Centre, when he reflects on the motion which he has put on the order paper I am sure he will see that it really does not make sense even to one who fundamentally supports the concept of this kind of Crown corporation, to one who believes strongly that Air Canada should serve communities across the country, and to one who thinks that Air Canada, particularly under the new management, has done an excellent job in satisfying a lot of very difficult and almost irreconcilable requests of the government, members of parliament and the House of Commons.

● (1552)

Some hon. Members: Hear, hear!

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to rise in opposition to the motion which we are debating. I listened with interest for a while to the hon. member for Spadina (Mr. Stollery), and I did not know whether he was for or against the motion. I had difficulty following his rationale, but it was nice to see him back on board. It should be noted that this particular amendment had the support of the Liberal and Conservative parties in committee.

We are not debating whether Air Canada is a good or a bad airline. We all agree that the airline stacks up very well in terms of all the carriers involved in the carrying of passengers, both domestically and internationally. It is fair to say that the leadership and management which is provided by the present chief executive officer is sound. Actually, it goes beyond that: the kind of managerial expertise that the present chief executive officer has brought to Air Canada augurs well and creates, probably, a new climate of confidence in the area of Crown corporations. This is something which is really needed, having regard to some of the revelations which have occurred during the past 12 or 18 months.

The hon. member referred to the fact that the airline industry is heavily subsidized, which is true. There is not one form of transportation in this country which is not subsidized in some way, shape or form. This bill sets out to provide the avenue for which the subsidy can be identified, which is important. The hon. member referred to the fact that Pacific Western Airlines was taken over by the free enterprise government of the province of Alberta. PWA is certainly better off in the hands of a private enterprise government than a socialist government. Given the record of achievement of the Barrett government in British Columbia, it clearly speaks for itself.

When the hon. member for Winnipeg North Centre (Mr. Knowles) introduced this amendment he said the following:

> Mr. Speaker, the purpose of this report stage amendment to Bill C-17 is to strike out a few ridiculous lines which were written into the bill when it was in the hands of the Standing Committee on Transportation and Communications.

All we are saying here is something which is very, very significant, particularly at this juncture in our history and our economic climate. The words the hon. member for Winnipeg North Centre wants to remove read as follows:

> (1.1) In discharging its responsibilities under this act, the board shall have due regard to sound business principles, and in particular the contemplation of profit.

This is a directive to the board of directors of Air Canada, comprised of the chairman and the president appointed pursuant to section 5. I heard the hon. member for Winnipeg North Centre refer to those lines as being ridiculous and all I can say is that if we have more than an average number of Canadians who feel that way, then we are in serious trouble in this country. This particular amendment was thoroughly and extensively debated in committee. I think it is reasonable and realistic, and certainly it is a fair directive to advance in any business enterprise, be it a private enterprise venture or a Crown corporation. The hon. member seems to disregard anything which would characterize efficiency, orderly management, productivity or profit. It seems that sound business sense is something the hon. member does not have in his vocabulary.

There has been an implication by the hon. member for Winnipeg North Centre, and I believe the hon. member for Spadina, that good service cannot be provided and at the same time a profit made. As far as I am concerned, the two are almost inseparable. If you have a good enterprise which is functioning smoothly, doing a good job, making a profit, expanding, upgrading and streamlining its operations, in order to maintain a proper capital equity and cash flow, and in order to streamline and mechanize, you have to make a profit in order to provide that service. These two principles are compatible with one another. I see no difficulty in combining the two and providing a directive to any business enterprise which is engaged in the transportation of people. As the hon. member for Winnipeg South Centre (Mr. McKenzie) said, many of the economic problems we have in this country and many of the problems we have in some of our government-run agencies are primarily because sound business principles have not been the primary motivating factor.

The hon. member made reference to the mismanagement in government circles and the fact that the Auditor General indicated in his last report that the government is close to losing control of the purse-strings, and even parliament. It behooves us all to take a second look at operations involving the use of public funds. When we are dealing with a Crown corporation such as this, we are dealing with public funds. The hon. member also said that we have been engaged in pursuing sound business principles for the last 110 years. I categorically reject that statement. The facts speak for themselves. The hon.

member for Winnipeg South Centre elaborated on that matter as well.

One of the reasons we in our party supported this amendment was the fact that we felt it gave the airline a directive and, indeed, a mandate. The former chairman of Air Canada had long complained that he did not really know the specific mandate of Air Canada. He did not know whether the operations of Air Canada should be conducted in contemplation of a profit, or whether it should be strictly operated along the lines of providing a service at any cost. We think it is important that a realistic definition of a mandate be provided in the terms of reference for a piece of legislation which governs a multimillion dollar corporation such as this.

It is sound practice on the part of parliamentarians who act in the interests of Canadians to provide such a directive. This is particularly important in view of the fact that there is another important clause in this bill, clause 9, which gives the governor in council authority to pay to Air Canada the losses that are incurred as a result of any directive which may be made to the corporation for the provision of service in an area where it is deemed to be in the public interest that such service be provided.

● (1602)

This will not involve total cross-subsidization. The cost, as I understand it, will be clearly identified and will be paid for out of the public treasury. That is all the more reason for the over-all objective and goal of the corporation being that the operation be conducted on the basis of sound business principles and in anticipation of profit. So I think that particular clause certainly balances any fear which some may have that routes might be lost because the provision of service on a particular regional line may or may not be economically feasible. I think that is a very important element.

In a corporation such as Air Canada, or in any other enterprise, there will always be a certain amount of cross-subsidization. As I see it, some routes would make a very good profit, some might show a loss, and some might show a medium amount of profit. So I think one has to look at this point in a global context. I think we should not single out any particular line, but if—as the bill has provided—a service is needed which cannot be provided on an economic basis, the government has the power to direct the airline to provide it and to cover any losses that evolve therefrom.

Reference has been made to the present chief executive officer of Air Canada, and I simply want to reiterate the sentiments expressed. I think I would go even further and say that both our Crown corporations which are engaged in the transportation of people and goods, CNR and Air Canada, are guided by very competent men. The president of CNR, Mr. Robert Bandeen, and Mr. Claude Taylor provide Canadians with an excellent example of competent leadership. They have distinguished themselves in their endeavours in both fields of transportation, and I think we can look to these two gentlemen to provide the kind of leadership that will be necessary as we approach challenging times in the transportation industry.

I think, also, we can look to these gentlemen to put their corporations on a sound business footing. It certainly behooves us to give them the tools and the instruments to do their job as effectively as possible. I want to say one thing in conclusion. Air Canada and, for that matter, CPA will have to take their blinkers off with regard to domestic charter operations. The concern is that any domestic charter operation may undermine regular scheduled air traffic. I believe that argument is overstated. It is interesting to note that Air Canada, for example, plans to triple the available seat capacity on its low-cost, charter class schedules for travel within Canada in the peak summer season next year.

There is every indication that this kind of market is growing and will continue to grow, and I do not think the corporation should be blinded by the fact that it cannot now merchandise the kind of package that the consuming public is demanding these days. Let me go back to the time a few years ago when, in my view, Air Canada did not establish a solid footing in the international air charter business. They were left in the dust. Then they wanted to pay an abnormally high price for the operations of Wardair so as to get a foothold in the air charter business.

I hope they will take a second look at their position in reference to the domestic air charter service, that they will approach it with an open mind, having regard to the realities of the marketplace and to the fact that there is a vacuum there which should be filled and will be filled in one form or another. While I am on the subject of domestic air charters, let me say that I think they will provide an excellent vehicle for assisting this country in its desperate need to achieve a greater sense of national unity. I think that some form of domestic air charter system would help alleviate the lack of understanding which exists from region to region in this country, and would provide an opportunity for Canadians to get to know each other better. I think it would assist us in our balance of trade, particularly with reference to tourist industry dollars. Many of those dollars go outside this country, dollars that could well be spent here if we developed a more reasonable charter package for Canadians.

I know that the former commissioner of official languages made some very relevant observations in this regard. I think it will require, not only the leadership of Air Canada and Canadian Pacific Airlines but also initiative and leadership from the federal government. I hope that at the earliest possible moment the Minister of Transport (Mr. Lang), the Prime Minister (Mr. Trudeau), the Minister of Industry, Trade and Commerce (Mr. Horner) and all other ministers who have some influence in this area will sit down with the management of our national airlines and map out a strategy for encouraging domestic air travel in this country, one which would reap benefits not only in the economic sense but for national unity.

Again I want to express my opposition to the motion that has been introduced by the hon. member for Winnipeg North Centre. I hope he will reconsider it, having regard to some of the enlightened comments that have been made from this side

of the House, and give Air Canada the kind of tools and mechanisms that they need to do the job.

Some hon. Members: Hear, hear!

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I should like to say only a few words at this time about the motion which has been proposed and about the remarks just made by the hon. member for Vegreville (Mr. Mazankowski). I should like to say, first of all, that I welcome him back to his role in the transportation field. I think it is a very important task and I am glad to see him in that role. I may say that I was delighted to hear him repeat the words of praise of his predecessor as transportation critic. When I recommended the appointment of the president of Air Canada, I was very pleased to hear the kind words of praise from his predecessor. Now it is even more wonderful, after a good period of operation by the president, to hear those words confirmed by the hon. member for Vegreville.

I appreciate his remarks and I thank him, also, on behalf of the president of Air Canada, because I think it is an airline which is doing an increasingly good job. Our purpose in the House today is to ensure that under the bill before us Air Canada is free to do just that, and to do it more effectively. It is for that reason that I join the hon. member in opposing the amendment of the hon. member for Winnipeg North Centre (Mr. Knowles). The acceptance of that amendment would defeat the spirit of this bill.

The bill represents a significant step in the course of Air Canada's history, because it is a demonstration of the belief by the House of Commons that the airline has come to a certain stage of maturity at which it should be freed from the burdens of special government obligations, and at which it should also be relieved of the special advantages which have sometimes been given to it.

● (1612)

The bill does that with regard to contracts. It does that in requiring Air Canada to apply for licences in the ordinary way. It does that by setting up a system in which we hope Air Canada will engage with other airlines in special services which are not justified on an economic basis, whereby we can make it possible for all the airlines to offer to provide those services and have competition between them as to which one will provide the services most effectively. In all these ways we are recognizing that there is a possibility now for the airline, which was created in 1937 as Trans-Canada Air Lines, to be in full competition without special burdens or privileges from the government or from the structure by which it has been created.

I think what has happened is that time and circumstances have changed. In putting this bill forward, I do not disagree at all with the spirit which moved the Hon. C. D. Howe in 1937 when he saw the need to put Trans-Canada Airlines together to provide national airline services for this country. But times have changed, and I am rather sure that the Hon. C. D. Howe would fully agree with the change which is being made here, in that the airline situation has reached that degree of maturity where we can free it in order to compete.

The Right Hon. C. D. Howe would fully agree that the special position of Air Canada in relation to the government is no longer a necessity. Indeed, the spirit of competition was difficult in the airline industry as long as special obligations and special burdens existed. I am, therefore, very interested in seeing this bill move forward and the whole new status of this corporation recognized.

I emphasize that it is a matter of this House and this government recognizing that where it is possible for a private sector-like operation to do a job effectively, that indeed is where it should be done. We are, in effect, giving the airline that kind of status while not yet having decided that, as owners of the airline, it is commercially right or the time to dispose of our investment interest in it. I see this happening with Air Canada and I see it happening with Canadian National, both of which now have good, strong management teams which can pull the airline and the railroad, respectively, forward effectively. I foresee both of them making profits over time as their effective operation continues.

I emphasize that where we want a service performed as a matter of public policy, it is seen by us to be our obligation to quantify the cost and to be prepared to pay it, rather than impose it in a hidden fashion upon other users of the service. It is because the amendment here moved would seem to negate that spirit that I, also, will oppose it and hope that other hon. members will do so.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was quite perturbed by the remarks of the hon. member for Winnipeg South Centre (Mr. McKenzie). However, he does not hold a candle to the Minister of Transport (Mr. Lang) who, if I heard him correctly, has almost reached the stage where he is about to sell CNR and Air Canada. He says he can see the day coming when we will sell the profitable parts and keep the unprofitable parts to provide service. The Minister of Transport certainly has a friend in the Postmaster General (Mr. Blais), who feels he should get into the field of establishing his own ground carrier system in competition with some of the other carriers.

It always surprises me when I hear people such as the hon. member for Winnipeg South Centre say that one of the problems is that this service has to make a profit and fit into the good old free enterprise system, or that governments should not run anything except to break even or make a profit. I asked one of my colleagues about the background of the hon. member for Winnipeg South Centre, because I thought he was a rich entrepreneur, like many other hon. members, who had speculated in mining ventures, in oil, the stock market or something of that nature. It is very interesting to learn that he is only an embittered employee of a government-run organization.

He comes to Ottawa and takes out his frustrations on a Conservative-established Crown corporation, the Manitoba Telephone System. That was established, I understand, in

1908 by Grandfather Roblin. I really wonder about the mentality of people who use their perverted backgrounds and their frustrated hopes as a reason for their position with regard to something as important to the people of Canada as Air Canada.

It is true that Air Canada will not be used by everyone. It is true, as the minister just said, that it is going to be subsidized for those who need the service and use it. It may be that the minister is not part of the jet set. Perhaps he does not want to be, or perhaps the jet set does not want him; but there is a certain class of people which travels by air, and these people are subsidized all over the world. Mr. Speaker, I know you are a world traveller. How many countries have you travelled to where you have seen aeroplanes with the names of the countries on them, and known full well that they were leased or that the money to buy them was a gift?

This is true all around the world because there is a certain pride attached to air travel, and most countries want to have good airlines. Despite what the government has done to our airline, we have a good airline. What has the government done to it? It has allowed regional carriers to drain off much of the lucrative business in weekend travel to many countries. You can go to airports all across Europe, in the Caribbean or in Mexico and find Wardair, Quebecair, CP Air, Western Pacific or any of the five regional carriers sitting at those airports in conjunction with Air Canada.

It is interesting to note that even in Great Britain the tourist operation has been combined with the major carrier. The reason was prestige, and it was also economic to do so. Yet we ask a national airline to carry passengers into areas in which it is difficult to provide service. We ask the national airline to provide this service because it is the right of the Canadian public to travel on its national airline. We ask the national airline to go to areas where it is not feasible or profitable to operate, yet we tell the board of directors that it should use good business practices.

I have had the opportunity to be on the committee studying the estimates of the Department of Transport over a number of years. I have seen the machinations which have taken place in obtaining financing for Air Canada. I have seen the difficulties it has had because it has been a stepchild of the government. It has been relegated to the foster home of Canadian National. I am aware of the great difficulties, and I congratulate the government for making this change and for putting the airline into the position where it can borrow on its own and establish sound business practices. But we say it has to make a profit.

We say that the board "shall have due regard to sound business principles". Everybody agrees with that. If it went on to say, "in particular the national interest", that it would provide additional air service, we would understand that. Maybe it should be thinking of going into some of the other branches of air service. When we say that the board of directors in particular must give consideration to making a profit, let us not kid ourselves: we are doing exactly what the Minister of Finance (Mr. Chrétien) says we are trying to do—we will split it up into profitable and non-profitable areas. The profitable areas will sell, and the unprofitable areas will operate.

● (1622)

In the past even Conservative governments which contemplated establishing Crown corporations always had as the principle reason that they were the most economic way of providing maximum service. This was done with hydro by a Conservative government in Ontario, and with a telephone system by a Conservative government in Manitoba 70 years ago. It has been done in every province where they have contemplated providing necessary services to the greatest number of people at the lowest possible cost. They do this knowing full well that the operation has to be subsidized if they are to provide any kind of equality in areas disadvantaged by distance from resources, or in any other way.

I am quite surprised at the number of Conservatives who are violently opposed to any kind of government-run operation. It is true the Liberal party does it badly, but that does not mean government-run operations, under proper management, could not be well run. I think the first part of the sentence is admirable; we should employ sound business practices. You will remember the machinations of this government in order to raise finances on a number of occasions for Air Canada. It is a wonder it exists at all: it was a political practice, not a business practice.

I agree with the hon. member who said we now have good management for Air Canada in Mr. Taylor. He also said we have good management in Canadian National. I disagree with his view about Canadian National, but I agree that we have pretty good management now in Air Canada. I think the management now can run it whether it is a private company or a Crown corporation. What is important is how the government will provide the financing for the corporation—whether we lend money to it as a private company or a public company.

If I were the manager of Air Canada and I had to make a profit, it seems to me the logical way to do it would be to keep on boosting fares. But even I, who know nothing about business, know that as fares are boosted there will be fewer passengers. That happened when we raised the price of milk, and I suppose it happens with other commodities. There comes a time when the price is higher than people are willing to pay, so the competition wins the business. That is true with airlines as well. Socialists may have a solution that others do not have. We could eliminate the competition. That is what multinational corporations do.

The hon. member for Spadina (Mr. Stollery) mentioned a number of airlines in the United States. But there are fewer now than a year ago, and next year there may be fewer still. They are becoming consolidated by various means. It is probably true that even the United States will only be able to support two or three major carriers. We could do that as well by nationalizing and putting them altogether. In that way we would get all the business and then decide how to run it efficiently.

I am not really suggesting that, Mr. Speaker, because there may be merit in having small carriers. I think they should come under Air Canada, however, for such things as reservations, raising capital to buy replacements, and so on, and there should be an orderly division of what airlines are to do in specific areas. For instance, Air Canada went to Sudbury and opposed the advent of Nordair. It also opposed Bradley, which is now First Air, and they have no intention of running that line themselves. If they do run it, it will be at a time when it is going to lose money, and that is not good business practice. That is just keeping both feet in the manger while not being able to get your head in to eat the hay.

I think Air Canada should be the bright spot in advertising Canada around the world. This would cost money, of course, if we are going to use it as a flagship of the nation, then we should encourage it in sound business practices. If it makes a profit, that is good; but let us not cut services, let us not cut safety factors or the things that have made it a good airline. It seems to me we are saying that if the board of directors does not make a profit, then it ought to resign because it has not fulfilled its main requirement, the "in particular" requirement of making a profit. That is not what I think is important. Having a good airline and servicing the people is important. Whether it makes a profit is inconsequential.

If you consider the way in which we raise the necessary money, it has never made a profit. I do not think an airline in the world that is operated as the flag ship airline makes a profit. I know of 20 or 30 that are highly subsidized, to the detriment of running the country. That is true of airlines that in the past have borrowed large planes from Great Britain and have operated at great loss.

I do not think a national airline has to make a profit, Mr. Speaker; I do not think hydro has to make a profit; I do not think garbage collectors have to make a profit; nor do I think the Post Office has to make a profit. These are services that we need and depend upon. The people would scream if any of these services were removed. We have to pay for them, and they are necessary. Not too many people in this country would want us to be without an airline.

I think the Minister of Transport will find that his conservatism is too much for the swing that is taking place in the west. He will find himself out-conservatizing the Conservatives in western Canada. I do not think Canadians travelling abroad would want to think that their airline was not the flagship airline. They would not substitute that for regional carriers or, in my opinion, for anything else. Canadian Pacific Airlines travels the world, yet it does not receive the adoration which the Canadian public appears to have lavished on Air Canada over the years. Nevertheless, we expect that this measure will cost money.

● (1632)

I agree entirely with the members of the committee who studied this bill, that Air Canada should be placed on a sound business footing. Never was an organization established in such a haphazard way as Trans-Canada Air Lines, which later became Air Canada. The Minister has tried to hide behind C. D. Howe, and I am sure C. D. Howe would not talk to him if he were here today. Just the same, C. D. Howe did not use business principles; he just made it happen. One day we had an airline. It was established under Canadian National and it could not be, and probably never would have been, a viable organization, given its initial financial basis.

Over the years things really did not change much. Its debt was transferred to Canadian National rather than carrying even a book debt. All kinds of machinations took place. This was bad business practice because it allowed management to do many things it should not have been allowed to do. The accounting system was poor. In addition, the airline could not even hire an auditor until the government, through its patronage structure, chose one for them, and then it was a considerable period of time before an audited report was submitted to parliament.

No one will disagree that Air Canada should be put on sound business principles and that this change is desirable, but our objection is not that. We say, never mind the service; never mind providing reasonably priced air tickets for Canadians to travel across Canada. Indeed, we are in great trouble, Mr. Speaker, because you can travel to Europe for less than it costs to go from here to Vancouver. If you are operating a national air line for Canadians, it seems to me it should be cheaper to travel across this country than to cross the ocean.

Air Canada has an excellent reputation for service, and this must be maintained in a way other than profit being the deciding factor. Therefore, I hope we can at least agree to remove the words "in particular" from this clause which provides that the main function of the board of directors is to chase and to anticipate profit for our national airline.

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I had the good fortune to serve on the transport committee at the time the Air Canada bill was before it, and we discussed these matters thoroughly and completely over a period of a few weeks. It is rather unfortunate that the hon. member for Winnipeg North Centre (Mr. Knowles) was not on that committee. He cannot be a member of every committee, of course, but it is unfortunate that he was not able to be with us when we discussed all these matters and the particular amendment which he has proposed. We spent considerable time on it. I think the hon. member for Vegreville (Mr. Mazankowski) is to be commended for having proposed that amendment in the committee, with which most of us concurred. He should also be commended for the remarks he made today; I think he put the whole matter into proper perspective.

We can hardly compare Air Canada, a Crown corporation, with some of the other Crown corporations, such as the hydro utilities in the various provinces which were referred to by my hon. friend for Timiskaming (Mr. Peters). In this case we are dealing with a corporation, a company, which is in competition with others. The hydro utilities are not necessarily in competition per se. The airlines are, and the competition is very stiff.

Air Canada is one of the greatest airlines in the world and is among the top eight or nine. It has been giving excellent service to various parts of the world and has a very good name. Those who have travelled with various other lines would agree that the service offered by Air Canada is good and that it is continually improving. This is particularly so since the present president took over the airline, as mentioned by a couple of members here today.

I am a little concerned, as was the committee, that by an amendment such as this we are trying to tie the hands of the president of the company so that it is unable to compete on equal ground with other airlines. I think that is a bad aspect of this amendment. Unfortunately, as soon as the word "profit" enters the picture, our socialist friends immediately become concerned. I do not mind the word "profit". I am happy to say that there are still a few of us who believe in the free enterprise system, and certainly I do not think that "profit" is a dirty word. Every company should be based on sound business principles and be ready to make a profit. If they are not ready to make a profit, then they should not be in business. Every other company with whom they compete is in business to make a profit.

This bill makes provision, in cases of an unprofitable operation, for the governor in council to instruct the directors of Air Canada to remedy the situation; for example, by subsidizing certain routes which are essential but which are not in themselves profitable. That is understandable and this is well provided for in other parts of the bill. This is why I do not understand the hon. member for Winnipeg North Centre insisting that clause 7(1.1) be deleted so that the words "sound business principles, and in particular the contemplation of profit" are removed.

It seems to me we cannot tie the hands of the people we have appointed to run Air Canada. If I remember correctly, there are in this bill about 28 places where the words "governor in council" appear. Reference was made to this in the committee hearings. It was suggested that each time the words "governor in council" appeared, the bureaucracy was entering the picture and trying to run the corporation. Many of us in the committee who believe in free enterprise were concerned about this aspect. We do not want the bureaucracy running a company such as Air Canada, because the bureaucracy already holds too much power in other Crown corporations. A bill will be coming before the House before very long which will try to control or restrict the power of the bureaucracy within Crown corporations. Some of us have been suggesting for a number of years that Crown corporations should be more answerable to the House of Commons, for example.

I conclude simply by saying that I urge all members in the House to vote against the motion proposed by the hon. member for Winnipeg North Centre.

● (1642)

Mr. Jack Murta (Lisgar): Mr. Speaker, I preface my brief remarks by saying it is nice to see all the private enterprisers coming out of the woodwork this afternoon in connection with this amendment to the legislation. We are talking about, and I sometimes think that members of the House of Commons go off on a tangent, the principles under which we would like to see the board of Air Canada operate. The amendment states:

—the board shall have due regard to sound business principles, and in particular the contemplation of profit.

However, we still find that our socialist friends in the House of Commons get very upset when we talk about an intent with regard to sound business practices. We on this side have given general agreement to the Air Canada Act. As the hon. member for Vegreville (Mr. Mazankowski) stated, the airline certainly appears headed in the right direction at the present time, with the new president and chief executive officers. For that all Canadians should certainly be happy and thankful.

There are a few things we do not particularly like in the proposed legislation. We feel it would be of benefit to the Canadian travelling public if the appointments of the no more than 13 people to the board of directors were made on a regional basis. At the present time, many things are dealt with or looked at in the context of regional make-up. If there are to be 13 appointed to the board of directors, they should certainly be looked at in the same way.

I may be mistaken, but I believe at the present time there are four people on the board of directors from Quebec, two from Ontario, one from Nova Scotia, and one from western Canada. I could be wrong, but I believe that is the present make-up. It would be fair and proper to say that if we are looking at a total of 13 people on the board of directors of Air Canada, we could consider three western Canada, four from Ontario, four from Quebec, and possibly two from the maritimes. This would give us roughly the kind of split we have in population. If that were the case, people from the regions would have far greater input into the regional problems which affect Air Canada from time to time.

I wish to go on record as stating that I feel the motion of the hon. member for Winnipeg North Centre (Mr. Knowles) is nonsensical. For example, everyone in business in this country should employ businesslike practices and, not necessarily make but should contemplate making a profit as one of the goals to which they adhere. It is totally irresponsible and ridiculous for the New Democratic Party to propose the kind of amendment they have. At various times, in various parts of Canada, we find that the word "profit", or even the contemplation of profit, is considered dirty. That is ridiculous. I do not think, in all seriousness, that the NDP mean what they say. If they do, my guess is that the NDP will come back with a significantly reduced number after the next federal election.

Some hon. Members: Hear, hear!

Mr. Murta: The hon. member for Winnipeg South Centre (Mr. McKenzie) spoke earlier this afternoon. He indicated the kind of problems that governments have, and certainly the federal government is no stranger to these problems, when forming, running and operating Crown corporations or arm's length corporations which have a tie, or are under the jurisdiction of the government when this, at least intent, of profit is

totally disregarded. The hon. member for Winnipeg South Centre said, and rightfully so, that we in Manitoba are looking at in the neighbourhood of a $71 million deficit this year for the same reasons the hon. member for Winnipeg North Centre is trying to strike out the words "sound business principles, and in particular the contemplation of profit." What we are seeing is a reflection of the thinking that took place in Manitoba being reflected by the NDP here in the House of Commons.

We are generally against the proposed amendment. We will be voting for the way the bill stands at this time. We welcome the opportunity to investigate, talk with, talk at and talk about Air Canada. It has been a controversial subject in the House, certainly over the seven years I have been here. I see no reason why it will not be controversial in the future.

One area where there will be controversy with regard to Air Canada is the decision that will presumably be handed down by the Canadian Transport Commission in the not too distant future. That is on the whole question of domestic charters and the rates being charged in Canada vis-à-vis those being paid by Canadians who travel to other parts of the world. There are questions on both sides of this very important question which is attracting public attention more and more all the time. I certainly feel that the decision which will be rendered by the CTC in, presumably, a relatively short time will be a landmark decision. It will be very important, regardless of the way in which the CTC rules on the issue. Hopefully, we will have a full discussion in the House of Commons on that time.

I close by saying that Air Canada has done a reasonably good job. It appears it will do a good job in the future. I urge the members of the NDP either to vote against their House leader or have him stand up and strike his motion from the record. As I said before, it is nonsensical and has no place in this legislation.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my remarks will be very brief. For a while this afternoon I thought this was a mutual admiration society. Many fine remarks were made about the chief executive officer of Air Canada who, incidentally, is a native of my constituency. It proves that we send from the maritime provinces some of the best administrators in Canada. Possibly a maritimer should head CN as well. I do not agree with any of the remarks that have been made about CN management. It needs a really good kick to straighten it out and to bring it up to proper status.

With regard to the amendment, let there be no doubt that I am a true free enterpriser. I believe in making a profit. However, this service, Air Canada, is a public utility. It is time that governments and the people of this nation realized that railways, Air Canada and other transportation facilities should, above all, be providing service. The words in the clause of the bill which have been referred to read:

> In discharging its responsibilities under this act, the board shall have due regard to sound business principles—

If it stopped there, it would accomplish what is right and proper for any Crown agency. However, it adds these words:

> —and in particular the contemplation of profit.

[Mr. Murta.]

• (1652)

"Contemplation" goes further than "intent". Contemplation of a profit means more than intent to make a profit. Besides, these particular words conflict with other provisions which say that if you do not make a profit, you can go to the governor in council and maybe get a subsidy. If you have to do it the way Canadian National does it, by making application for discontinuance of service, it is pretty awful. I fear that putting in these words would only give the directors of Air Canada an excuse for further reducing the quality of air service in the maritimes, as well as increasing fares and other changes. In the maritime provinces, particularly in my constituency, scheduling and service are already very rugged; they are terrible. If you are going to Montreal, you have to get up in the middle of the night. I am talking about people who live in Nova Scotia or New Brunswick.

I repeat, I am a true enterpriser. You ask the tax collector. He knows how much money I pay to this bloody country. It is blood money, I can tell you. We praise Claude Taylor, the chief executive officer or the president of Air Canada, but he will not always be there. Maybe one day the government will get someone from another part of the country to fill that post, someone who is not so concerned about the situation in the maritimes.

Mr. Peters: They will get rid of him.

Mr. Jones: As the hon. member for Timiskaming (Mr. Peters) says, if he is good they will get rid of him. I urge the Minister of Transport (Mr. Lang) to have the courage to get up and say, "We shall delete those words about the contemplation of profit. They do not mean anything."

Mr. Hogan: We are suffering from this corporation right now in the Atlantic provinces.

Mr. Jones: It is only wise to delete those words "in contemplation of profit". Air Canada is a public utility and each of us is entitled to service from the corporation. We in the maritimes are just not getting it. We are not getting anything from the government except a hand-out here or a hand-out there. It is like Hallowe'en—trick or treat.

An hon. Member: Did you get your trick last night, or your treat?

Mr. Jones: I got both. I do not object to the word "profit". I am a free enterpriser. I do not appreciate members on the other side referring to all of us in this part of the chamber as socialists. I do not know they are all socialists in the NDP. I am not; I am a free enterpriser. I know that a buck is a buck. But I wonder whether all the members of this House know that a buck is a buck. The people of Canada do not seem to know it yet, or they do not seem to realize it.

There are other words in the bill which conflict with this proposal. The minister and others make use of a passage in the bill which sets up an obvious fiction, that you have to declare a discontinuance of service and apply for a subsidy. It makes

only good sense to take out the word "profit". If you are going to put it in, put in words like "in contemplation of profit and service". That is what Air Canada should be concerned about.

Mr. Paul E. McRae (Fort William): Mr. Speaker, I must say I find myself very much in agreement with the hon. member for Moncton (Mr. Jones) with regard to this bill. I want to make one or two comments about one or two of the remarks made from the other side, particularly by Conservative members and especially by the hon. member for Winnipeg South Centre (Mr. McKenzie).

I believe there is a very strong feeling on the other side that we would be better off without Air Canada and without Canadian National. It seems to me we have had a constant struggle in committee even to hold on to what we have in terms of Air Canada and Canadian National. I notice that the hon. member took a long swipe at the government, talking about expenditures going up 350 per cent: I believe that was the figure he used. It seems to me there are too many of these loose figures being used in the House. I do not deny that the figure is correct, but these figures, taking them as they are, really do not tell the story.

In this country, taking a fixed, 1970 dollar—in other words, a non-inflated dollar—and leaving out inflation as a factor, means that personal consumption since 1968, the year the Prime Minister (Mr. Trudeau) took over the reins of government, rose by 52 percent. In the period from 1970 to 1976, the gross national product increased by 42 per cent. But the cost of government services rose by only 41 per cent, on the basis of fixed dollars. So government spending has not been out of line when one discounts the inflation factor.

An hon. Member: That is the same speech as you gave last week.

Mr. McRae: I will give it again and again, because this is an important matter. If we blame the government for everything and we use figures which are not correct, because there are other factors, then we in government have to keep saying it over and over again so the Canadian people will understand that governments cannot take responsibility for all the problems of this country.

I am very concerned about where Air Canada is going. Without doubt, we have in this country one of the finest airlines in the world. Air Canada has to be one of the half dozen finest airlines in the world. It is a fine airline because it serves not only the large communities of this country but also the medium-sized communities. It does things well. It is very important to the hon. member for Moncton—

Mr. Lang: On a point of order, Mr. Speaker, there have been the usual discussions and I understand there is agreement in the House to an order that if any votes are required on the report stage of Bill C-3, they should stand adjourned until tomorrow afternoon at 3 p.m.

Mr. Knowles (Winnipeg North Centre): You mean, deferred.

Mr. Lang: Deferred.

The Acting Speaker (Mr. Turner): Is it agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered. It being five o'clock, the House will now proceed to the consideration of private members' business, namely, public bills, private bills, and notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

FINANCE

MEASURE RESPECTING COST OF PUBLISHING PUBLIC REPORTS

Mr. Hal Herbert (Vaudreuil) moved that Bill C-201, respecting the cost of publishing public reports, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

● (1702)

He said: Mr. Speaker, the bill we are discussing this afternoon derives from a feeling in the public sector that there is certain waste and inefficiency in the printing and publication of documents. Certainly there is a definite lack of communication among the public service, politicians and the public. That lack of communication cannot be attributed to the number of documents published by the various departments and agencies. Part of the problem in the offices of members of parliament is the number of documents issued. It is absolutely impossible to even scan the material which crosses our desks every day.

The bill I have introduced comes about because of a comment of a constituent, a doctor and a professor at MacDonald campus of McGill University, who drew attention to some legislation which exists in the United States. There were two objectives there: one was to publish the cost of all public documents, and the other one was to ensure annual verification of mailing lists to ensure that everyone who wanted documents would receive them at the correct price, and those who no longer wanted them would so indicate. My constituent pointed out that the identification of cost created a public awareness before public documents were wasted.

The explanatory note in my bill reads as follows:

The purpose of this bill is to ensure more adequate cost accountability in the production and dissemination of government and other public reports.

For the benefit of those persons reading *Hansard*, I should like to review briefly the four short paragraphs which form this bill. Of course the first paragraph is the title of the bill, "Public Reports Cost Control Act". The second paragraph attempts to define the word "report". It reads as follows:

"report" means any annual, biennial, regular or special report or document of which at least 500 copies are printed and that may be distributed to the public.

The third paragraph deals with the statement of cost and the purpose of the report. It reads as follows:

> Every person making a report that is intended to be submitted to or laid before parliament or either of the Houses of Parliament shall include in the report under the imprint or catalogue number a statement of the purpose and cost of producing and publishing the report.

Also, this paragraph includes the definition of the word "person" as including a minister of the Crown, a commissioner appointed under the Inquiries Act, a Crown corporation, a department and a commission, board or tribunal. The fourth paragraph of this short bill deals with the criteria in determination of cost, and of course is simply an assurance that all costs in connection with the publication should be taken into account. It reads as follows:

> For the purpose of determining the cost of producing and publishing a report, there shall be taken into account any special expenditure for additional salaries, equipment, materials or services made necessary for the formulation, composition, printing, publication and distribution of the report.

Persons issuing documents should know—and if they do not, they will be forced to find out—what moneys they are going to be spending in publishing a report. I would assume, if there is any kind of efficiency in any department, that those costs are known in advance, so that there are no additional costs in ascertaining what the figures are. The public should be aware of the cost of every document they receive. This short bill would attempt to make sure that the department is aware of what moneys they are spending; that they communicate that information to the public at large; and that the public will be aware of the amount of money that is being spent in communicating to them the various reports and forms of communication sent out by the various departments.

With those few explanatory remarks in mind, I hope hon. members will see fit to pass this bill on second reading.

Some hon. Members: Hear, hear!

Mr. Joe Flynn (Kitchener): Mr. Speaker, the private member's bill proposed by the hon. member for Vaudreuil (Mr. Herbert) is, I am sure, based on noble intentions. As everyone is acutely aware, we are in a time of economic restraint throughout the government of Canada. The growth in the public service has been reduced to under 1 per cent, and the over-all man-year allotment for many departments and agencies of the federal government has been drastically reduced. This is an important part of our over-all economic policy. Coupled with the efforts of the Anti-Inflation Board, the Canadian government's personal austerity program is having a real effect on the economy. This bill proposes the following:

> Every person making a report that is intended to be submitted to or laid before parliament or either of the Houses of Parliament shall include in the report under the imprint or catalogue number a statement of the purpose and cost of producing and publishing the report.

This is, by itself, not a great concern. However, the hon. member goes further, and again I quote directly from the bill which reads as follows:

> For the purpose of determining the cost of producing and publishing a report, there shall be taken into account any special expenditure for additional salaries, equipment, materials or services made necessary for the formulation, composition, printing, publication and distribution of the report.

I shudder to think of the added cost that such a proposal, if enacted, would mean to the taxpayers of this nation. This bill is a far-reaching, more or less omnibus type of bill because it is meant to apply to every document, report or other like publication that is to be presented to either of the two chambers of this parliament. Surely it is easy to see that the sheer volume of annual reports, background papers, etc., which are brought before the House of Commons and the Senate of Canada will mean substantial expenditures above and beyond the real cost of publication, if this bill is made law. Not only will the taxpayers carry the production and publication costs, but also they will have to carry the cost of the additional staff required to carry out the mandate of this legislation.

There are in excess of several score of government agencies, boards, commissions, etc., as well as over 30 separate ministries in the federal government. In order that this legislation is to be fully enacted and implemented, the additional staff requirement of the public service will be in excess of several hundreds, possibly thousands, of people. With each person receiving a salary commensurate to the gravity of his or her duties, it is not inconceivable to foresee increased expenditures of several million dollars.

● (1712)

The hon. member for Vaudreuil wants the cost per copy to be calculated to include such items as equipment, materials and additional services that are the result of the publications production. It is important to note that this is to apply to every stage of production, from the cost of the original thought process involved in the publication's beginning to the final distribution cost at the end. Without doubt, Mr. Speaker, the criteria for determination of the cost of publishing reports, as outlined in this bill, will result in the expenditure of many more dollars than are likely to be lost due to faulty financial accounting in the publishing sections of the various federal government departments, agencies and other bodies.

It will come as no surprise to hon. members that within each department of the federal government, and on the staff of every board, agency, Crown corporation, commission and other like bodies, is a person or persons directly responsible for the proper administration and direction of government funds. The publication sections of all of these bodies are also subject to similar scrutiny. Certainly there can be no misunderstanding in this regard. The mechanisms are already in place to regulate and to ensure proper financial management. This bill will merely duplicate existing practices and procedures. I cannot see usefulness in duplication.

This bill is certainly too wide in scope and in intent. In the final analysis, it is not going to save the Canadian taxpayer any money, and it is very likely that, if enacted, it will add to the publication cost of the federal government, a cost which will be borne by the Canadian workingman, the Canadian taxpayer. It will also result in an inevitable increase in the number of public service employees. In short, Mr. Speaker,

this bill, which I am certain was drafted with the intent to save the Canadian taxpayers' money, will result in additional expenditure of more of the Canadian taxpayers' money.

It is on these grounds that I cannot support this legislation, but I would like to commend the hon. member for Vaudreuil for his efforts in this regard. Unfortunately, I find that the costs of the implementation and the direction of this proposal are simply too prohibitive.

Mr. D. M. Collenette (York East): Mr. Speaker, unfortunately, I was detained a few moments ago and did not have the benefit of listening to the arguments put forward by my colleague, the hon. member for Kitchener (Mr. Flynn).

An hon. Member: A copy is in the research office.

Mr. Collenette: I am sure that the points he made were very valid, but I detected from what he said that he is against the bill. This is the second night in a row that I have risen in private members' hour to support my colleague, the hon. member for Vaudreuil (Mr. Herbert) in what I consider to be a very worth-while suggestion incorporated in bill form. As we can see, the purpose of the bill is to ensure a more adequate cost accountability in the production and dissemination of government documents and reports.

Since I came to Ottawa three years ago, I have been struck with the amount of paperwork that comes across a member's desk. In fact, I have here a few publications which I can show to the cameras, if they want it. I am sorry, Mr. Speaker, I am just being facetious. Some of the material that comes across our desks is very expensively produced, not just the photographs but the other art work and writing, and I am sure that much money is needlessly wasted in the dissemination of these various reports. It seems to me that we are entering a new phase in our society where the public is at last concerned about where all their dollars go. I think it is safe to say that in the post-war years we have experienced an expanding role of government, and certainly I have supported the expanding role of government to bring very much needed social services to the majority of Canadians.

It has been inevitable, I think, that the role of government in society has been expanded. But along with this expansion has come the inevitable growth of the bureaucracy to support the activities of increased government intervention in society. As a result we have seen, perhaps, that the real accounting of government has not been as proficient as it should be. This has been brought out, I believe, in the reports of the Auditor General going back a number of years. Certainly, the most recent Auditor General was quite critical of government spending. I see one of my colleagues in the opposition chuckling with glee at my position. It is certainly not an anti-government position. I think it is incumbent on members on both sides of the House to ensure that the people of Canada get full value for the tax dollars that are spent.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: You are jeopardizing your chance to become a parliamentary secretary.

Mr. Collenette: I did not hear all the arguments against the bill advanced by my colleague, the hon. member for Kitchener, but I understand that one of the basic arguments from the government's point of view is that the enactment of this legislation would perhaps create needless duplication and would not be in the best interests of the public. But from my experience on the Hill, I feel that it would be in the interests of the House and in the interests of the people of Canada if members on both sides allowed this bill to go to committee after second reading.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I, like the hon. member for York East (Mr. Collenette), stand in my place for the second time in as many days this week to speak on a bill that has been put forward by the hon. member for Vaudreuil (Mr. Herbert). I should start by complimenting the hon. member for bringing to the attention of the House last night not only the motion regarding education, but the problem tonight which has struck me probably as much as, if not more than, any other problem since I came to this place.

From the time of my arrival at the House it has become more and more painfully obvious that a single person cannot keep pace with the volume of material, the reports upon reports, the summaries of reports, and the two-page documents describing reports, that come across a member's desk day after day. Indeed, one is struck, as well, as the hon. member for York East pointed out, with the quality of the reports and one asks oneself what they must have cost. I am sure that you, Mr. Speaker, as other members of the House, have seen from time to time the beautiful, glossy prints, the heavy bond paper and the photographs and wondered about their cost.

I am satisfied that not all of them are in the public domain or come from the public archives, but indeed we have artistry which requires a high cost to be incurred in order to make use of these documents.

● (1722)

We find very much difficulty using the process of the estimates to determine from a department what the cost of a particular item was, for the reason that it becomes, if not overtly, then by reason of intent or by sheer necessity, somehow lost in the figures which represent the publication costs of that department. Indeed, those costs might be almost irretrievable as a result of having been produced by an agency of a particular department.

However, one becomes struck with what the cost of those documents must be, and the unfortunate thing is that a number of them never really achieve the end for which they were produced, which is to communicate the ideas contained in them. All of us in this place recognize the problem of having too much on our desks to be able to make valid use of the materials, and as a consequence we become selective readers. It becomes almost a painful process to have these beautiful

documents put before us, recognizing full well that they are probably going to be selectively read, scanned and then disposed of.

Although I support the essence of what the hon. member for Vaudreuil is trying to do with this bill, I become very concerned—notwithstanding the comments of the hon. member for Kitchener (Mr. Flynn) that we have a bill which may in a sense be too wide—that it is not wide enough, for at the end of the process we might have the total cost of production of a document which might not be sufficient to cover the problems of too many being produced or ineffective use of the document notwithstanding its limited cost. I think, for instance, of the number of one-page documents which are produced by a Multilith, or what have you, which would be of very limited cost on a per item basis or on a global basis. However, they are totally ineffectual in terms of their use, and I wonder how one could in a bill such as this or any other bill contemplate, on the spur of the moment, achieving the possibility of having that kind of effective control.

I think I would be delinquent if I did not point out to the House that I have noticed, notwithstanding all the bills I have described in terms of cost of production, that given the promotion by the government of the day of the idea of restraint, the volume of costly productions crossing my desk seems to be decreasing. The volumes, publications and works which are now coming to us appear more and more to be the type of thing that I have before me, "Policy and Guidelines on Canadian Government Publishing", produced by the Treasury Board. It has cardboard covers with plastic backs and is in simple and readable, yet inexpensive, type. More and more, this seems to be the format we are using. Therefore, I cannot but believe that the process of restraint is working its way down through the various ministries and departments and that, indeed, we are getting away from expensively bound and produced documents. Perhaps even without a bill of this type we are moving toward the intention of the hon. member.

That being said, let me return to some of the problems which concern me. We hear in this House constantly—not just from the other side but also from hon. members who sit on this side—that if and when publications are produced by a particular ministry, they should find their way into this House and on to the table at the earliest possible date. One of the greatest concerns I have about this bill is that it might involve another problem which a ministry or agency would have to solve before a document could find its way into the House.

We have heard about difficulties with translation and with having printing done. If we are now to add another obstacle, whereby the printing having been done and the translation having been completed, we then have to have departments going through the exercise of determining the ultimate cost, whatever that might be, I become gravely concerned about how long it might take before a document ever finds its way to the table in this House.

I say that realizing full well that many of the documents which find their way to the table now do not have their true cost, actual cost and final cost established for as long as six months after their production. It takes that much to draw back from the department the cost of translation, the cost of photography and the cost of publication. If we are to add another six months to the already long period of time it takes for these documents to get to us so that we might deal with them, I think the process will bog down completely, and I am very concerned that a bill such as this, in the terms in which it appears, should go forward to committee if for no other reason than that.

I think that the ill we are trying to cure should be cured. I do not accept the position of the hon. member for Kitchener when he says he is concerned that we are adding more cost, but I do believe, with the hon. member for Vaudreuil, that if we have responsible ministries, they should know before they publish what are the estimated costs of the productions. They should have general, ballpark figures, and they should be committing themselves, under a proper budgetary process, to bringing the productions within their budgets.

I suppose the difficulty in what I am saying is knowing within a reasonable timeframe that in fact you have succeeded in so doing. One has only to think about the possibility of publications becoming popular to the public as well as to this House and to the other place, and in the event of their popularity, a run on documents which require further printing and publication. Would we then get into difficulty, where we really would not know whether the documents could be brought forward? Should we estimate that they are going to be popular? Having so estimated popularity, should we run an over production and then run the risk of coming before the House having spent too much money on documents which did not sell? I am concerned that we might experience something like that. There are difficulties which are almost impossible to overcome at this early stage. How does one project how many should be published? I think actual costs are very difficult to estimate at an early stage of production.

I have pointed out some of my concerns, and I am certain the hon. member has given this matter more thought than I have had the opportunity to do so far. I am concerned, however, that this House might reject the idea, for some of the reasons put forward by the hon. member for Kitchener. I do not believe that we are adding an excessive amount to the cost of government by this particular concept. As I indicated a few moments ago, I think there must be budgetary restraints. There must be publication budgets to which ministries feel compelled to adhere before these items are published.

I think, as well, that there must already be people in ministries whose sole responsibility is to see that publications come within their budget. I find it difficult to believe that one would have to enter into an exercise of creating a whole new administrative and economic tier in ministries in order to get the kind of control which it is obvious the hon. member for Vaudreuil seeks with this bill.

In short, I do not believe that the bill proposed is too wide but, rather, that it may not be wide enough because it does not really deal with what we see happening around here. I am terribly concerned that we might be adding a time problem to

already delayed bills and other documents that we would find unacceptable in this House.

● (1732)

I am concerned, although I suppose gratified to some extent that we are already taking this matter under our wing and that there is a response by ministries to the pressures of restraint. I am satisfied that although the concept of the bill is good, it needs more time, more thinking, in order to encompass these concerns I have tried to express, before we send it to committee.

May I again thank the hon. member for Vaudreuil (Mr. Herbert) for allowing me the opportunity to express something that has concerned me for a long time, and may I compliment him for bringing two very important matters before the House within two days.

Some hon. Members: Hear, hear!

Mr. Peter Stollery (Spadina): Mr. Speaker, I should like to make a few comments on the bill. I think it is fair to say that everyone in the House would agree with the concept that we should have accurate cost accountability in the production of the various papers and information distributed by the government. As the previous speaker mentioned, we get some overly spectacular documents from the government and the ministries. Many are expensive and exaggerated.

I am sure we all have days when we look at this stuff and realize that it is produced at a high cost for a limited audience. On the other hand, one of the great costs that is not addressed in the bill is the cost to this House of Commons and committees of answering questions. I am told that it sometimes costs as much as $5,000 to produce an answer. The information sought is readily available to members for many of these questions that are put on the order paper. I am dismayed when I think of the amendments to the Unemployment Insurance Act passed in this House in the last session and the number of questions that were put regarding it when many of the answers were readily obtainable at the parliamentary library.

An examination of this bill gives me the impression that it might cost more to administer it than would be saved by publishing the accounts referred to. One more group of people would be required to produce each set of figures and this cost would go on and on whilst the group grew grander and larger. It too would probably produce a report, another piece of expensive literature, that would end up in the wastebasket along with the mountains of paper that come in all the time.

Like all other hon. members I am sure, when I get one of these expensive three or four-coloured productions on a subject that has a limited audience, I wonder at the expense involved. There are the three or four coloured books issued on such things as the spawning habits of the Atlantic salmon. But of course, members are guilty and some ask as many as 50 or 100 questions, the answers to which are readily available to them but which will cost large sums of money to print out. Referring again to the book published in both languages on the spawning habits of the Atlantic salmon, I have a copy in my office because the photographs are spectacular. There is a description of the Atlantic salmon proceeding up the rivers on the east coast to spawn and if I remember correctly it also describes how salmon on the west coast proceed up the creeks on Vancouver Island. It would be interesting to know how many people looked at that book which I think was prepared for a fisheries conference. It must have cost a lot of money.

● (1742)

An hon. Member: Perhaps we did it for the salmon too.

Mr. Stollery: As the hon. member says, perhaps we did that for some salmon. Somewhere in a river there must be a "salmon library" which is filled with small and medium-sized salmon which study these books in order to learn something about their birthright.

I know other members are waiting to speak on this most important issue, and in conclusion let me say that, although it is hard to disagree with the purpose of this bill, it does seem to present more problems and to raise more questions than it answers.

[*Translation*]

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, it is a pleasure and an honour for me to have the opportunity to address the House on a piece of legislation tabled by the hon. member for Vaudreuil (Mr. Herbert) who is much dedicated to his work here in Ottawa. I do not know any other member who is as dedicated and sincere in carrying on his responsibilities in the capital of Canada.

[*English*]

I think the hon. member for Vaudreuil (Mr. Herbert) touches upon an issue which is becoming increasingly a concern of Canadians in all walks of life, namely, the cost of government and government services in general across this country. It really does not matter whether we are talking about the federal level, the provincial level, the municipal level, various government agencies with which the average consumer must interface from time to time, universities, boards of education, hospitals, even down to fancier than necessary food wrappings which one finds in the supermarket, in general the consumer is constantly being faced with mounting concern over what his dollar, whether it be tax dollar or purchase dollar, can buy.

This may sound a long way from the issue of paper and cost accounting of paper used in government, but I suggest that it is not. The issue that is raised by the hon. member for Vaudreuil is in a very real sense a microcosm of this whole problem. The hon. member for York East (Mr. Stollery) made reference a little earlier to recent Auditor General reports. The subject under discussion is an extremely difficult one for individual members, I suggest even for the Auditor General, to come to grips with.

The one thing that hits you immediately, Mr. Speaker, about government departments today, regardless of whether they are at the federal or provincial level, or whether it is some

type of government agency or service—this is true of the large corporation in the private sector as well—is the tremendous amount of paper of one kind or another that is generated in the ordinary conduct of business. Sometimes this paper is very fancy paper, coloured, expensively printed, and done up in elaborate binders. At other times it can be in very simple form. The point is that this is just one other area of use for which, in one way or another, the consumer must foot the bill.

In some ways it would probably be very difficult for the government or any of its agencies to put a dollar stamp on each order it might process, as this bill suggests. On the other hand, I think what is being proposed is something which might be investigated a little more carefully by various levels of government, perhaps starting with our own, namely, an attempt to cost out various programs which are being undertaken. This may result in some very large figures.

The problem which I think some of us face is that in the past we have been members of committees which have examined expenditure proposals and have seen a program which might, for sake of argument, cost $10 million. I have been on committees with the hon. member for Vaudreuil and I have discussed this question. I think it is very difficult for members to analyse this $10 million and to ascertain just what the money is for. There are paper costs, reports and so on which are all basically hidden, as they must be. After all, you cannot be faced with large lists of items which include the number of paper clips being used, for example.

Nevertheless, the point remains that this $10 million cost represents tremendous value even though it will not figure, as it were, in the actual production of the department concerned to the extent that you can call the service being provided its production. The money is going into overhead, the overhead involved in producing reports for someone to read, on which are based further reports which analyse the situation, and so on further up the line, with various other mini-reports circulating while major reports are in process of preparation.

I honestly do not know, Mr. Speaker, how one comes to grips with this question and I am not sure that this is the answer. However, what the hon. member points up is something which should be followed through by the appropriate agencies, and presumably by Treasury Board, so that the ordinary taxpayer is constantly thought of in determining the kind of overhead that is associated with government services. As I say, this overhead can vary from paper to office supplies, to office space, to furnishings, and all the rest of it.

The average consumer in Canada today is not convinced that there is a general feeling of cost consciousness among the various levels of government, universities, school boards, or organizations which do not have to worry about a bottom line or have to meet a payroll which is contingent upon the profit they make. The ordinary consumer does worry about how much organizations determine the amount to be spent by way of overhead. I suggest they will worry more and more in the future, and will insist upon more cost consciousness throughout all these kinds of organizations.

[Mr. Martin.]

This bill requires each printing order of more than 500 copies to be costed as such, the total amount and the per copy amount. Knowing the way government bureaucracies tend to operate, this would probably mean that someone would have to say; "We will have to hire a number of extra people to do this for us". I can see this situation spreading throughout each department, each bureau, as it were, and this in itself would create a problem in terms of implementing the program. For this reason I am not completely in support of the detail that the hon. member has put forward, but I very much support the general thrust of this bill.

I hope that somehow or other, as we grapple with the larger items of government expenditure and worry whether we are spending hundreds of millions of dollars in the right place, groups and agencies will also worry about the lesser amounts which, when added together, do not take very long to amount to several million dollars.

● (1752)

In conclusion, I know the hon. member brings this concept forth with the utmost sincerity and a deliberation of his point of real intent to try to pinpoint a concern that more and more Canadians need to have, including members of parliament, in the various costs associated with making the whole governmental process work. To that extent, whether this bill moves beyond this chamber or not, I think he has served a very real purpose. I hope the appropriate persons will take the message back to the departments that are in a position to do something about this very real area of concern.

[*Translation*]

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I want to join my colleagues and once again congratulate the hon. member for Vaudreuil (Mr. Herbert) who has drawn once more the attention of hon. members on a matter of interest to himself and his constituents.

[*English*]

I would like to say, as previous members have stated, that the question in this bill raises many other questions. In other words, should the cost of a public document put out by a government department become the main criterion in deciding whether such a document should be published?

A document may interest very few persons because it is a highly technical and very complicated publication. Therefore it would have a very narrow distribution. It may be very important as a reference document. The cost of each such document would appear very high related to other documents, pamphlets or booklets which had a very wide distribution. Such a technical document, while only for certain scientific groups, may have major repercussions on the way of life and future of Canadian citizens. That is one objection I have with regard to publishing the cost of such a document.

Printers will often quote a certain price for a stated number of publications. Because they then have the plates and the staff is trained to reprint a pamphlet, there will be a reduction in

cost on further orders. A first run may cost "X" number of dollars for 5,000 copies. Because the plates have been made and the machines are set up, a second, third, fourth or fifth printing will cost less. Therefore, how could you quote a cost of any government or private publication? For 100,000 pamphlets you may have a 25 per cent cost compared with that for only 10,000 in the first run. I am told this happens often, not only with government publications but publications printed for private companies or individuals.

If a pamphlet becomes very popular and there is a heavy demand, the publication will be reordered. The cost per unit will keep going down. Under those conditions it will be impossible to print on the cover of a document the cost per unit. You do not know whether you will be ordering 10,000 or whether this will increase to 100,000.

Government departments make a serious study not only of the cost of publishing a certain text, pamphlet or catalogue, but its importance to the general public. Decisions are not taken lightly. As others pointed out, within each department a careful study is made of the cost of a certain document. They consider whether the importance of a pamphlet, booklet or catalogue should be the main criterion, or its usefulness to the Canadian citizen. They consider the businessmen, farmers, civil servants, professionals and students who would make use of it to develop and improve a particular field of interest.

What is more important, the benefit of a certain publication to everyone interested in reading, studying or using it, or the cost? As I said before, it could have a very small field of interest or a very wide field. Even though it may appear important to a very small group, it could affect every citizen in Canada. The cost of such a booklet may appear astronomical compared to that of a publication which has a run of hundreds of thousands.

As the hon. member for Spadina (Mr. Stollery) pointed out, costs of answering questions placed on the order paper by members of parliament are very high. Some questions are very extensive. However, who would deny the right of a member of parliament on behalf of his constituents if he feels a subject is of sufficient interest to put such questions on the order paper? It may not appear important to other members, but it may be an important question for his constituents.

If every time a question was answered in the House the cost of answering would be stated as $3,000, $5,000 or $50,000, depending on the complexity of the question, it would become extremely difficult. Some questions take civil servants many weeks to compile an answer. Should the cost of answering be a criterion when questions are placed on the order paper?

In conclusion, I would like to congratulate the hon. member for bringing this matter to our attention.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. The hour provided for the consideration of private members' business is now deemed to have expired.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

INDUSTRY—ALLEGED MOVEMENT OF INVESTMENT MONEY TO UNITED STATES—GOVERNMENT ACTION

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, on October 19 I questioned the Minister of Industry, Trade and Commerce (Mr. Horner) with regard to the movement of investment money and businesses to the United States. He provided me with a most unsuitable answer, stating that we enjoy in Canada complete freedom of investment in a free country. That is not the answer I was seeking. There is no way we can cure unemployment, or that Canada can expand, with the mass exodus of businesses and investment money to the United States.

I see the minister is in the chamber. I hope his answer will not be based on the Foreign Investment Review Agency report which reached my office today. It contains the most mixed up civil service jargon that I have ever seen in my life on figures on investment. I hope I will get a more satisfactory answer than that.

I am concerned, and I am sure many Canadians are, when we read articles like "New York Woos Canadians in Ottawa", "United States holding seminars here in Canada to assist in encouraging businesses to move to the United States". We read articles like this: "United States firms shy away from investment in Canada". Here is a report out of Washington.

● (1800)

Worried by a sluggish economy, political uncertainty and a devaluing dollar, United States firms have sliced increases in their planned investment in Canada to $380 million from $804 million during the course of this year, a U.S. Commerce Department survey shows.

I wish we could obtain statistics of this type in Canada. We have to rely on the United States for this information. Further, in the Ottawa *Journal* this week we read an article headed: "Canada Losing Business Grip". It reads in part:

A United States business said Thursday Canada is losing its grip on business and has only a short time to improve the situation.

John Reardon, chamber of commerce manager in Niagara Falls, N.Y., told a Chamber of Commerce meeting here today that investment money previously spent in Canada is now being kept in the U.S.

I should also like to refer to a recent article in the Winnipeg *Free Press*. This is based on statistical information compiled by a financial expert. The headline is: "$40 Million Seen Lost to Manitoba; Finance Expert Says Clients Investing Outside Province Will Cost 4,000 Jobs." To some extent this trend should be stopped with the change in provincial government which came about a few weeks ago. The political climate has improved 100 per cent in Manitoba since then.

I should also like to refer to the November edition of *Quest*, which I hope the minister has read. There is an article in it

entitled "The Unpatriotic Investor" and it begins with the comment:

> The true north is still strong and free. Only it's moving south of the border. The hard facts on how you may be better off investing your money out of the country.

This is a very interesting article. It is all about uncertainty in Canada and the problems created by successive Liberal governments for business and investment in this country.

I heard with great interest the speech which the Minister of Industry, Trade and Commerce (Mr. Horner) made in Toronto yesterday in which he suggested that the business community should bite the bullet. I am suggesting that it is the minister who should bite the bullet and do something about all this investment money and all these businesses moving south of the border. We cannot cure unemployment in the face of this sort of trend, and a trend like this cannot be stopped overnight. Something is radically wrong in Canada and it is the responsibility of the government and of the minister to take immediate action. If the United States can hold seminars in Ottawa to move Canadian businesses to the United States, the Canadian government can hold seminars and find out what has to be done to stop businesses and investment money leaving this country.

I should like to read some statistical information for the minister's benefit. This was compiled by Peter Henry Jerch & Associates, and it covers 42 Canadian smaller and medium-sized active manufacturing and service enterprises. Just 12 were looking for acquisitions in Canada only.

Incidentally, the information given here about these 42 Canadian businesses implies a loss of between 4,300 and 13,000 jobs to Canadians. Moreover, this is information from only one consultant firm. They go on to say:

> Fifteen thought they would consider a further investment or acquisition in Canada as a second alternative, which suggests that reason tells them to go elsewhere but that they still tend to be optimistic despite all their complaints. However, 30 of the 42 are either actively looking in the U.S. or have already made one or more acquisition or investment decisions there. These 42 are, incidentally, a fair and representative sample of the average successful Canadian business enterprise. Together they are likely to spend, directly and indirectly, from a low of $63 million to a high of $116 million in their invesments and acquisitions over the next few years. Only between $7 million to $19 million are definitely scheduled for Canada, with the remainder going to the U.S. These aggressive firms know what they are talking about. They currently receive about $9 million annually for export sales. Which means that if they establish a subsidiary, joint venture or the like in the U.S., within the next couple of years they will expend, in investment or acquisition funds, realistically about $90 million. If you then consider that an additional $40 million will not be coming back, the loss to Canada of even this small sample is about $130 million, providing of course that their original Canadian plant stays here. While there may not be as much of a loss to the Canadian government in tax revenue—

● (1807)

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member, but his allotted time has expired.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the hon. member has pointed to a problem that Canada has, and I am glad that he is aware of it. I will not dispute his figures, but he complained about not being able to receive accurate figures. I am always amused, to some extent, by the fact that people always believe some other government's figures but they rarely believe their own government's figures.

Mr. McKenzie: That is understandable.

Mr. Horner: Perhaps I should set down a few figures for the hon. member. The actual Canadian net direct investment flow to the United States in the past 12 months, from July, 1976, to June, 1977, was $313 million, and not $627 million as the hon. member suggested in his original question.

In fact Canadian direct investment flow to the United States has been declining recently and is considerably lower than the average between 1973 and 1975. I should like to refer to the figures for the past number of years.

In 1971 the Canadian net direct investment flow into the United States was $122 million, in 1972 it was $149 million, in 1973 it was $453 million, in 1974 it was $482 million, in 1975 it was $454 million, in 1976 it was $234 million, and from July, 1976, to June, 1977, it was $313 million. Therefore that indicates that in recent years there has been a decline. We are well aware that there have been some causes for the recent increase in money flowing into the United States.

Mr. Epp: I wonder why.

Mr. Horner: I will give the hon. member some of the reasons why.

Mr. McKenzie: You only have three minutes left.

Mr. Horner: In recent years we have seen the Government of Canada purchase a potash company from American interests. That money flowed back into the United States. It did not stay in Canada. That was not an act by this government. It was not an act that this government could even stop. It certainly had the net effect of discouraging investments within this country.

Petro-Can bought Atlantic Richfield shares for $340 million. If the hon. member has been following the actions of Atlantic Richfield, in recent years it had to withdraw from participation within the Canadian oil industry.

Mr. McKenzie: Who owns Petro-Can?

Mr. Horner: So, that $340 million was a net flow out of this country, and more than likely into the United States.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. minister but his allotted time has expired.

CUSTOMS—SUGGESTED INCREASE IN STAFF AT UNITED STATES-BRITISH COLUMBIA BORDER POINTS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, ever since I was elected about three years ago, I have been making representations in this House regarding the problem of traffic pile-ups at the Douglas border crossing which is in my riding. One of the problems we face is that there is a traffic

pile-up in the department. I think it has become the department for recycling cabinet ministers, because in the three years I have been here, there have been four different ministers in the Department of National Revenue. How long the present minister will be in his portfolio and how long he will be in cabinet I do not know.

Last Friday I asked the minister if he would take this problem seriously and deal with it so that it will be dealt with permanently. I got the following illuminating answer. He said, as reported at page 386 of *Hansard* of October 28:

● (1812)

I shall be pleased to consider the hon. member's representation, Mr. Speaker. I should like also to tell him that he does not need to come into the House to make representations because he can be in full communication with me on a daily basis. But I shall be glad to look into this matter and I shall be in contact with him further.

That is no solution to the problem. What I want is an answer. I have been bugging the department for years now on this.

Mr. Harquail: Is it you who put that bug in MacKay's office?

Mr. Friesen: I guess it is a dirty word, and I imagine there is enough fuss about that.

Mr. Harquail: Is it you who is bugging the department?

Mr. Friesen: Let me ask the parliamentary secretary, who is answering for all the ministers tonight, would he please use his own minutes? I want to use mine for myself.

Mr. Harquail: Go right ahead.

Mr. Friesen: I have in my hand a letter from a former minister of national revenue, dated March 15, 1976, a year and a half ago, in which he said the following:

Steps taken to alleviate the situation have included expanding our port facilities, decreasing the amount of our officers' clerical work, and hiring university students as casual officers during the summer months. Obviously the situation has not been resolved to everyone's satisfaction.

That is the understatement of the year because just ten days ago there was a line-up three miles long. I received a phone call last Sunday telling me again of a line-up three miles long. As I pointed out in my letter to the minister, people are staying in Washington overnight because they cannot get across the border in time. Is that a way to help our balance of payments?

I have here an answer to a question on the order paper of some months ago. It tells me that in 1966 there were 58 people working at that point, and in 1975, ten years later, there were 63 people, a net gain of only five people in ten years. Anybody who crosses that border point knows that the volume of traffic has doubled, but there is no appreciable hiring of staff to alleviate that pressure.

One of the former ministers told me that they were hiring extra casual help. I pointed out on February 8, as reported at page 2866 of *Hansard*, that it is no solution to hire help on a casual basis. What we have to do is to put it on a permanent basis. I am not asking the department to spend any more money. Surely they can cry austerity all they want, but we are not asking them to hire more casual help and increase the load on the taxpayer. All I am asking is that there be more staff, and if there were more staff, there would be greater security and a larger revenue coming into the country. I know for a fact that if extra staff were hired for surveillance there, there would be more revenue to pay for that extra staff they would be hiring.

The minister tells me that one of the solutions they are proposing is a greater use of overtime and more part time help. Overtime is no solution. As I pointed out in the House before, the extended use of overtime is nothing but a health risk for those people who are already working there. After overtime is built up, it is not long before the people working there have to take time off to regain their health. Furthermore, when we have one million unemployed people all across Canada, our government says that its solution is to let those who are already working work overtime. Is that a solution to the problem?

I have it on good authority that a couple of years ago the government had a deliberate policy to encourage overtime because it felt it would be cheaper to let people work overtime rather than hire extra help, as it would not have to pay the ancillary benefits to all the people whom it otherwise would have to hire. That is a great solution to the problem! On the one hand we will pay extra rates for overtime in order to save money on ancillary benefits, and on the other hand we will pay unemployment insurance benefits to people looking for work who cannot find jobs because the government has a policy of letting people work overtime.

I come back to the point I made earlier. I am not asking for an extra burden on the taxpayer by enlarging the burden on the Department of National Revenue's payroll. All I am asking for is that additional staff be hired so that there can be a closer surveillance and therefore better collections at the border, sufficient so that they would pay for the kind of service that the people deserve.

● (1817)

Last week end 4,000 people crossed that border to go to a soccer match. There is a law of physics which says that what goes up must come down. All the department has to do is look at the traffic crossing the border. The department should know that in a day or two people who cross the border will come back. I am not blaming the staff at the local office at all because I know they are working against insuperable odds put up by the mandarins here in Ottawa who will not give them extra man-years to staff that office. If they had the man-years they deserve, they would be able to carry out the surveillance that would allow them to prepare for the staffing they will need in the days ahead.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, the hon. member failed in his comments to refer to the strike in 1975 and to the

continuation of Canadian shoppers going to the American side to pick up their groceries.

My reply to the hon. member must be given within the same framework as the letter that the hon. member received from the Minister of National Revenue (Mr. Guay) this very day, as the letter in question appears to cover the points at issue more than adequately. Judging from the hon. member's questions in this House recently, I gather that his main concern is about the slowness involved in processing line-ups of people crossing the border at the Douglas Pacific Highway customs office.

Due to the 1975 labour dispute which shut down Vancouver area supermarkets, the office in question was inundated with people crossing the border to buy groceries. Groceries are dutiable, and at various rates. It therefore took more staff a much longer time to compute customs charges on grocery items. We had to have more staff working than we did prior to the strike, and therefore there was less staff available at the inspection booths at customs. Even though no additional full time staff hiring was possible, the department dealt admirably with the situation through an extended use of overtime.

Although lately there has been a decline from 9,000 to 6,000 in the number of entries by individuals through the customs office, this remains double the number of people crossing the border as compared to the pre-strike period. The department cannot speed up the traffic flow by relaxing its standards of customs examination. I am sure the hon. member would not want to see that done. Six hundred seizures and 2,800 forced payment entries over the last period are evidence of this. There can be no claim of inadequate staffing on the part of the department.

Pertaining to the hon. member's concern about the time businessmen must spend awaiting clearance at the Douglas Pacific Highway customs office, the process of clearing the businessmen in question at customs is necessarily thorough. Normal clearance time is 20 minutes. Although customs offices provide advice and help as time and circumstances permit, it is very difficult to see how this time could be shortened.

Once again the hon. member's concern about staffing at the customs office in question, though sincere, does not appear to be justified, given the facts of the situation, particularly as previously outlined to him by the minister.

CENTRAL MORTGAGE AND HOUSING CORPORATION—MANITOBA—QUESTIONNAIRE CONCERNING SALE OF SENIOR CITIZENS' HOMES

Mr. Jake Epp (Provencher): Mr. Speaker, I hope the quality of the answer the hon. member for Surrey-White Rock (Mr. Friesen) just received is not any harbinger of the type of answer I am going to get because, if that is the case, frankly we are wasting our time.

The reason I am on my feet once again is that this government cannot be believed. It cannot be believed on the larger issues, as we have seen in this House, and even when we ask simple, straightforward questions, its answers are not to be believed. I want to put evidence of that on the record today.

[Mr. Harquail.]

On August 27, 1977, I asked the Minister of State for Urban Affairs (Mr. Ouellet) a question regarding a CMHC questionnaire which had been circulated to senior citizens in Manitoba. I asked the minister at the time whether it was the intention of the government and whether it was CMHC policy to buy the homes of Manitoba senior citizens and then to place those people in public housing.

The minister replied saying that that was not the policy of the corporation but it was an investigation carried out by a few social workers in that province simply for study purposes.

Then I asked a supplementary question of the minister. I asked whether he would be able to put to rest the anxiety senior citizens had regarding this encroachment on the one source of dignity they had left, namely, their own places of residence. The minister replied in part as follows:

● (1822)

I do not see why the hon. member blames the Central Mortgage and Housing Corporation for co-operating with people who want to find new solutions to offer more housing to senior citizens and at less cost.

The minister was trying to leave the impression that CMHC was co-operating with others and that this was not an in-house survey by them. But, Mr. Speaker, the envelope containing the questionnaire had a print-out from CMHC, it was addressographed by CMHC, and the return address was that of CMHC. The envelope in which the completed questionnaire was to be returned had the CMHC address of Suite 402—310 Broadway. I think Broadway is still in Winnipeg, Mr. Speaker.

Question No. 34 reads as follows:

There has been a lot of discussion about providing housing for people with mixed incomes. Would you want to live in housing in which people of all income ranges live?

Then there are questions along the lines of, "Are you willing to sell your house?" and "Can the government buy your house?" Mr. Speaker, surely in Canada senior citizens have the right to own their homes.

The government cannot be believed because of the following facts. Mrs. Yhetta M. Gold, executive director of the Age and Opportunity Centre, Inc. sent this material out under the auspices of CMHC. An article in the Winnipeg *Free Press* on October 28 comments:

All replies, she said, would be treated as confidential.

And further:

Mrs. Gold said she understood that the results of the survey were to be used as an "in-house document" (for the CMHC) to be used as "a tool for their corporation."

I hope today the parliamentary secretary will not get on his flat feet and be another tool of this corporation and the falsehoods that have been spoken.

Mr. Harquail: We are not deaf.

Mr. Epp: Yes you are, because we keep repeating the questions and you do not give answers.

I demand answers from CMHC, on behalf of senior citizens. Is the CMHC, as a social engineer, trying to bring about public housing for senior citizens and their quiet removal from their own homes? Let us not shunt aside the fact that some social worker has circulated a survey, whether it was CMHC that did it or not. Certainly CMHC sent it out, it wanted the results and it is now processing the results. I ask the parliamentary secretary to give us a straight answer and tell us unequivocally that it is not CMHC policy, that the material will not be used, and the intimidation of senior citizens, especially in Manitoba, will be stopped.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I am surprised that the hon. member for Provencher (Mr. Epp) would try to misconstrue the facts. It seems to me that is the situation that has prevailed in the last few days in regard to the attitude of the opposition toward any facts in this House or in the Dominion of Canada.

The hon. member referred to *Hansard* for Thursday, October 27, when the Minister of State for Urban Affairs (Mr. Ouellet) stated quite clearly that the story the hon. member has related this afternoon is not government policy.

I am surprised that the hon. member misunderstood the intent of the questionnaire circulated last summer to a group of senior citizens in the Manitoba area. However, Mr. Speaker, I am not surprised that the hon. member should take this approach. In his raised voice this evening, which impressed no one that I could see, he tried to put across this contrived idea which he has in regard to work being carried out by Central Mortgage and Housing Corporation costing over $1 billion, money that is being spent in each and every province of the country to assist all Canadians, especially our seniors, find housing. Yet he comes here and relates a story of this kind.

● (1827)

I am pleased to have the opportunity to provide the House with additional comments on the survey to which he refers. This survey was undertaken jointly by CMHC and the Manitoba Housing and Renewal Corporation. It was designed to help determine the current housing situation and expenditure patterns of low income senior citizens. The respondents were selected with the help of the Department of National Health and Welfare, and the list was drawn up from people who were receiving the full income supplement.

I am pleased to report that more than 25 per cent of the people receiving the questionnaires replied. This is a better than normal response to questionnaires distributed through the mails, Mr. Speaker, and I believe this level of participation is a good indication that the people who received the questionnaire did not question CMHC's motives, as the hon. member is attempting to do today, in undertaking the survey.

Moreover, Mr. Speaker, I think it is important to point out that we are not aware of any objections to the survey apart from those registered by the hon. member, who takes up the important and costly time of this House by bringing them in in the way he did today. Not only that, but at no time were the survey participants asked for their names or addresses. The introductory letter distributed with the questionnaire notes specifically that the respondents are to answer the questions anonymously, and that the replies will be treated as confidential.

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been withdrawn.

Motion withdrawn.

The Acting Speaker (Mr. Ethier): I do now leave the chair until eight o'clock tonight.

At 6.30 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House resumed consideration of Bill C-3, respecting the reorganization of Air Canada, as reported (with amendments) from the Standing Committee on Transport and Communications.

Mr. Paul E. McRae (Fort William): Mr. Speaker, when we broke at five o'clock for private members' hour, I was talking about being proud of Air Canada and the concerns I have about this bill. I would like to continue in that same vein.

I mentioned that Air Canada is one of four or five of the world's greatest airlines. It leads in many areas. However, as with most Canadian endeavours, we tend to be critical of anything we have that is worthwhile. Canadians inevitably run down whatever is best in our society. That is deplorable.

Air Canada performs an invaluable transportation service in this difficult country. It is a service we badly need. I was very concerned when the minister stated earlier in the House today that Air Canada might be put on a different basis.

I understand there was a paper issued recently. I hope it was not the minister's department which issued it. In any event, discussion is going on about it at the air traffic conference this week. Air Canada may lose the short haul hops and become an airline dealing only with major centres in this country. That bothers me a great deal. If this is done, the medium and smaller sized cities in Canada will be ignored. As I was saying before we adjourned, the people in the city of the hon. member

for Moncton (Mr. Jones) and those in Thunder Bay will lose a valuable service. It is of tremendous importance to us.

If Air Canada is forced, coerced or persuaded to abandon chartered stops in cities like Thunder Bay, Sudbury, Sault Ste. Marie and Moncton, service into those areas will not be as it is today. The way this country is put together, you make your money on the long hauls and lose on the short hauls. It evens out.

The minister or the MOT people say that we can sell some of the short haul trips of less than 500 miles to the local carriers and they will be able to carry on. Northern Manitoba is one area where Air Canada had to give up some service. I do not have the figures because it goes back a few years. What happens when that is done? The rates go up.

Far from being one who objects to local carriers, I must submit that there is no way the local carrier who does not have the long hauls or the profitable Winnipeg, Toronto or Montreal stops can make the kind of money required to carry the short hauls. I am very concerned about that aspect of the minister's speech.

This bill does something that disturbs me a great deal. It ignores service to the Canadian community in favour of good business practices and profit. No one in his right mind would be against good, sound business practices. No one would be against the company making a profit. No one is against Air Canada making a profit.

There were quite a number of arguments, and amendments to this bill in committee. Now as I go through the bill, I do not see anything which talks about service to Canadian communities.

This bill is intended to separate Air Canada from its parent, CN. I think that is a reasonable proposition. If it does just that and nothing more, I accept it. If it does not have a preamble and does not set the duties and so on of Air Canada, I accept it.

The difficulty I have with the Conservative amendment is that it introduces into the bill another concept which is not compensated by some notion of service. I dislike the amendment that the hon. member for Winnipeg North Centre (Mr. Knowles) has placed before us. It is too drastic. However, this bill was brought in rapidly. We did not get the notice we needed to put an amendment to correct this. It is too late to do this at report stage.

● (2012)

The amendment I would like to see would read something like this. I would leave in 7(1)(i) but I would change it. I did this in committee and it was not accepted in committee. This bothers me a great deal because the intentions of the minister in this respect are worrisome. I would amend the bill to read in section 7(1)(i):

In discharging its responsibilities under this act, the board, bearing in mind that service to Canadian communities shall be its prime responsibility, shall have due regard to business principles and particularly the contemplation of profit.

I would leave what is in there, but I would add that portion.

[Mr. McRae.]

I am very disturbed, Mr. Speaker. We are beginning to do this with CN. We are beginning to do the same with Air Canada. We say to these companies that their prime role is, in particular, to make profit, not to provide service. Nowhere in the whole act is there mention of service. Now, the charter of Air Canada may contain such reference, but instructions to a board should contain something specific. As I say, I have no objection to those things going into the act but the point of the matter is that profitability then becomes the sole purpose of Air Canada.

I have been sitting in the House for five years and I have never before voted against the government. A few times I have refrained from voting, and on other occasions have considered refraining. But on this occasion I feel compelled to accept the amendment even though I do not like it. I think the amendment is too drastic. But the point of the matter is that it is far more important that the amendment be accepted than that we have a bill which singles out profit as the only justification for Air Canada.

I would hope that somewhere along the line we could obtain the consent of the House to include my amendment. I will not pose it tonight, but at some stage it may be we can get consent to include my amendment which would put service first, followed by good business practice and profit in that order. If that were to be done, Mr. Speaker, I would find the bill entirely acceptable.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I would like to say a few words about the bill before us. I would first say that I disagree with the principle of the amendment put forward by the hon. member for Winnipeg North Centre (Mr. Knowles), but I would agree that Air Canada, at least in the beginning, provided at least an element of service to the country.

I think the description of Air Canada as some poor little airline beset by private enterprise and hardly making its way in the Canadian scene is not quite accurate. Air Canada carries something like 60 to 70 per cent of the total Canadian air traffic compared to its competitor, CP Air, and the five regionals. By no means is Air Canada a small company, and by no means is it struggling. It should be remembered that the private airlines pay quite a bit more than Air Canada in corporation and dividend taxes. Tariffs are set for all airlines on the same basis, and I cannot see in which way it could be any different.

It has been said that Air Canada is one of the great airlines of the world. Well, when you consider all the people who go abroad you find that they don't make much distinction as to what airline they use. Air travel, at least among the airlines of the developing world, of Western Europe, Japan and North America, fortunately seems to be safe. They all seem to enjoy approximately the same degree of safety and I suspect that, by and large, the services offered by all the airlines seem to be much the same. Much seems to depend upon an individual's own interpretation of service as to whether or not the journey was acceptable to him.

We should remember that in Canada air travel is one area in which some competition could exist as compared with, say, railroads where we have only two main railroads which are more or less synonymous with each other and there is not much choice. There is the CNR with a government-appointed board of management, as opposed to CPR as a private corporation. But the boardrooms of both railroads are probably not all that different. And I suspect that the boardrooms of the large air carriers, Air Canada and CP Air, are not all that different from each other, either. I therefore feel that in air travel a certain amount of competition can be engendered.

The hon. member for Fort William (Mr. McRae) mentioned that Air Canada gave service to communities. Well, I can tell him that in northern Manitoba Air Canada never gave any service to the communities there. It was always provided by private airlines.

It is generally considered that if we are going to see the operation of north-south air routes which are reasonably viable, then some of the east-west air routes have to be given to these small private companies in order to make their operations profitable. There just is no way that fares on North-South routes will generate enough income for the companies concerned to remain viable.

We might consider what I understand has happened on the American scene. They have tended to let the larger airlines—those equivalent to Air Canada—fend for themselves. Where subsidies have been given they have gone to what I might call the secondary or tertiary airlines. This is something we might well examine.

Air Canada does not compete in very small centres. It does not compete in my centre. There is at the moment a proposed prairie regional air route encompassing Dauphin, Yorkton, Brandon, Saskatoon and Regina. Nobody seriously considers that Air Canada would be interested in running them because it is recognized that, with the large corporate structure they have, it would be impossible for them to run on routes such as these. It is important to realize that on these smaller routes throughout the country Air Canada cannot operate. There are hundreds of thousands of Canadians who are paying to subsidize Air Canada but who can never take advantage of even taking a ride on an Air Canada flight.

In connection with whether Air Canada should be run along profitable lines there is a report in the Montreal *Gazette* on October 28 which might be interesting. It states that Air Canada is shifting many of its employees from Montreal to Toronto, causing consternation among the maintenance workers in the union. The reason for this is fairly simple. It appears that Mirabel is not at all successful, that travellers prefer Toronto because is more convenient, and Air Canada, in order to stay in business, presumably has to transfer much of its maintenance staff to the city of Toronto. Many people bypass Montreal and have chosen to go through New York when going abroad.

Air Canada should be charged with running a reasonably profitable organization conducted in accordance with business principles. Travel is not something which, by and large, ought to be subsidized out of the taxpayer's pockets. There are certain regional areas where travel is necessary and where transportation must be assisted. But by and large, if the public does not pay for its own travel costs, surely the taxpayers as a whole should not be required to subsidize the movement in any great quantity.

● (2022)

There has been some talk of travel for Canadians at a reduced rate. Supposedly we are in an energy crisis situation, and we recognize that one of the greatest users of energy is travel. It is interesting that in the concept of national unity it is said we should have cheap or free travel all over the country. This does not make sense in that the price of energy is rising and we in Canada are not blessed with a lot of cheap energy very far into the future. Some are suggesting that in the early 1980's we could have a real shortage.

I should like to support the idea that Air Canada should be run on sound business lines, and it should be run with the idea of making a profit, subject to the recognition that certain areas in this country are disadvantaged and need assistance. This should come out of the treasury so that it is recognized as a subsidy for that particular area.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I believe that what is important in this bill is not what is written in the bill but the implications of policies which will flow out of the power given to the government and to the minister, if and when this bill is passed.

The bill itself is rather simple. It provides for the setting up of Air Canada as a separate Crown corporation, split away from the Canadian National Railways which presently owns all of the outstanding shares, and some rearrangement of the financial matters which will be necessary.

We have no objection to that, but on top of that the bill gives the government a great deal more power over the direction and the policies adopted by Air Canada. The minister has expressed a concern about commercial viability. Also he expressed the need for greater competition and for the corporation to show a profit. The minister's obvious lack of concern in regard to the needs of Canadians for service, particularly in those areas which are not on the main routes of any airline, bothers us.

I am not surprised that the hon. member for Fort William (Mr. McRae) spoke as he did a few moments ago. I am surprised at the manner in which members of the official opposition have talked, when so many of them come from areas which are not on the main lines. These areas will really feel the pinch and will experience a reduction in their services if Air Canada is required to have, as one of its major objectives, the showing of a profit.

The fact is that in most years Air Canada has shown a profit in terms of actual operation. The fact is that Air Canada is an efficient organization. The fact is that in recent years, if Air

Canada has not done as well financially as it did earlier, it is because both Conservative and Liberal governments of Canada have opened the lucrative, long haul lines to competition by CP Air with the result that we have an over capacity of seats.

The minister referred to the fact that we have reached the stage where we have a mature transportation system and we can afford competition, and so on. Indeed he invoked the memory of that late great Liberal statesman, the Right Hon. C. D. Howe, who was able to make the economy work so well. Of course it is a long time since Mr. Howe was here. Therefore, in doing that the minister hopes that nobody will remember the role which C. D. Howe played in the establishment of the Trans Canada AirLines, which is known now as Air Canada.

On March 17, 1944, Mr. Howe, who was the minister responsible for the establishment and the running of the national airlines, said that service to the public must be the paramount consideration, and it seemed obvious in 1937 that the cost of non-competitive, non-profit service was the lowest that could be offered to the public. Also he said that an impartial analysis of the situation at that time led to no other conclusion.

I do not think anything has changed since 1937. It seems obvious to me that in a country as large as Canada, with a relatively small population, we simply cannot afford to depend for transportation, the movement of people or the movement of goods, on companies whose main purpose is the making of a profit. It is the areas wihich are not in the mainstream in terms of population which will be the most adversely affected.

In June, 1975, a former Liberal minister of transport, who has gone to his just deserts in the other place—

Mr. Knowles (Winnipeg North Centre): He is just gone over there.

Mr. Orlikow: We can leave that type of discussion for another time. In June of 1975 Mr. Marchand said the following:

> If you look at the size of this country and the distribution of its population you will see that you cannot have a transportation network which is economic everywhere; you cannot have an economic system of transportation to service the north, for example, or to service those regions of the country where the population is very thin. You cannot have an economic system for regions which are remote from the centre.

Then he went on to compare the remote areas, which the hon. member for Fort William referred to, with what happened in central Canada. He said:

> In central Canada, for example, many transportation services and facilities are highly developed and competitive, with shippers having a choice as to rail, truck, ship or plane. In some parts of Canada, however, while the facilities and services may be well developed, there is a lack of competition.

That is what has happened in northern Ontario, northern Manitoba, northern Quebec, and I assume in northern British Columbia.

He went on to say:

> Transportation policy must therefore recognize the fact that there is a wide range of facilities and services, operating under different degrees of maturity and competition. It must enable each to be treated in an appropriate manner, and not, as is now the case, as exceptions to a policy which relies principally on competition.

The present Minister of Transport (Mr. Lang) has reversed that principle completely. He is now leading us on the road to more competition. All the evidence indicates that that road leads to disaster.

We are discussing Air Canada today, but I would remind the minister of the findings of Mr. Justice Hall in connection with the movement of grain. His findings are that competition simply does not meet the needs of the western farmer, and that what we need is an integrated system, with a great deal of planning.

We see in this bill a proposal really to dismantle the major gains made by Air Canada, to permit a further fracturing of the system, the splitting of air routes which Air Canada has, and the giving of routes to regional air carriers that will be given subsidies. They will not have the profitable routes which Air Canada now has to help equalize the cost. We know, and I can understand, the difficulties of any government, regardless of the political party which is in power, in giving subsidies, particularly in giving subsidies to areas which have very few people and therefore very few votes, and therefore very few members of parliament to represent their needs. So we believe that the aim of the minister is one which will have a very bad effect on Air Canada, and therefore on the ability of the people of Canada to get the services which they need.

● (2032)

One of the things that has disturbed me about this bill is the underlying feeling among members who have spoken. Although they do not want to say it, they think really that Air Canada is not a very efficient organization. After all, how could Air Canada be an efficient organization? My friend, the hon. member for Winnipeg South Centre (Mr. McKenzie), believes, of course, that no government operation can be a success, that no government corporation can provide a service as efficiently as a privately owned corporation, despite the fact that the hon. member worked for the Manitoba telephone system, a publicly owned system serving the whole province, which has been publicly owned for almost 70 years. It was made a public utility by a Conservative premier of the day. It has consistently, until this time, provided the people of Manitoba with cheaper telephone rates than the private corporation which services the vast majority of the people in Ontario and Quebec. Any member of parliament who comes from Manitoba can vouch for the fact that the rates in Manitoba and Winnipeg are lower than the rates in Ontario and Ottawa.

Mr. McKenzie: Mr. Speaker, I rise on a point of order. The hon. member for Winnipeg North (Mr. Orlikow) is putting words in my mouth. I have considerably more knowledge of Crown corporations in the province of Manitoba. I am well aware of the fact that the Manitoba telephone system is not

competitive and that it was made a Crown corporation back in 1908—

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Orlikow: I think that any member of parliament or any citizen of Canada who wants to compare the record of the publicly owned telephone systems of Canada—there are a number of them—with the privately owned systems in Quebec, Ontario or British Columbia, will find very quickly that the publicly owned system offers as efficient a service at a cheaper rate than Bell Telephone and B.C. Telephone. The record is there.

But I want to come back to Air Canada—

Mr. McKenzie: Mr. Speaker, again I rise on a point of order. If the member wishes to continue to speak about telephone companies or Crown corporations, we are going to turn this into a debate on how to run a telephone company in a large city or a small city.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. McKenzie: The hon. member knows nothing about this.

The Acting Speaker (Mr. Ethier): Order, please. I do not recognize the point made by the hon. member as being a point of privilege or a point of order.

Mr. McKenzie: I want to protect myself, Mr. Speaker. He is putting words in my mouth. I must have some avenue in this House to protect myself. I want to speak out against this.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member might be offended by the comments made by a previous speaker, but surely what he is saying is a point of debate, not a point of privilege or a point of order.

Mr. Orlikow: I do not mind the hon. member for Winnipeg South Centre interrupting me. The more he speaks, the more he proves to everybody who will listen that he does know what he is talking about.

Some hon. Members: Hear, hear!

Mr. Orlikow: I do not mind his interruptions, Mr. Speaker, provided you keep track of the time which he has taken on his spurious points of order and make sure that I get whatever time members are permitted to have.

Mr. McKenzie: On this point of order, Mr. Speaker, are we going to open this up to a debate on Crown corporations? This afternoon I spoke on subsidization of air routes. This gentleman does not know what he is talking about.

Some hon. Members: Order!

The Acting Speaker (Mr. Ethier): As I have already explained to the hon. member for Winnipeg South Centre (Mr. McKenzie), the point he is making is a point of debate, an argument. It is neither a point of order nor a question of privilege, and I think we should hear what the hon. member for Winnipeg North has to say.

Mr. Orlikow: It is very clear to any member who wants to look at the record that Air Canada has been and is an efficient organization. If you compare it with other airlines in Canada or outside Canada, you find that its record is an excellent one and that its performance is efficient. Air Canada has had difficulties, as have all airlines in recent years because of the tremendous increase in the cost of fuel. But if you compare Air Canada with other airlines, you see that on the whole it has done a very commendable job.

In 1976 Air Canada carried more than three times as many passengers as CP Air. It generated 157 per cent more passenger miles than did CP Air, while incurring only 6.5 per cent greater total loss. We know that CP Air has the profitable runs in this country, that it has the long hauls between the popular centres. It flies from Vancouver to Winnipeg, to Toronto and to Montreal, while Air Canada has the short hauls which my friend, the hon. member for Fort William (Mr. McRae), has to use if he wants to come from Thunder Bay to Ottawa to do his job as a member of parliament. So when it was proposed, as it was proposed recently by CP Air, that its share of the transcontinental routes be increased from the present 25 per cent which it has to 45 per cent, the new president of Air Canada, Mr. Taylor, said the following, and I quote from an interview which he gave to *Maclean's* magazine:

> I think that is a totally predictable position for CP to take. If I were in their position, I would probably take it too. I would just look at the routes that you can make money on, the ones where you can really make money without any dispute. Toronto-Vancouver, Vancouver-Montreal, Calgary-Edmonton-Toronto: CP provided over half of the capacity on these routes. In other words, they put all their 25 per cent on those big routes so that we (Air Canada) were doing the Montreal-Torontos, the Toronto-Winnipegs, the Winnipeg-Reginas, the Calgary-Edmonton-Vancouvers . . .

That is the situation at which we have arrived by taking away from Air Canada some of the best routes in Canada and giving them to CP Air. What we have also permitted CP Air to do over the years was to get out of the short haul routes in which they were involved when they first organized their company and let them get into the very profitable long haul routes. The result is that the CP Air route structure has a higher percentage of long haul flights than Air Canada's route structure. In 1974 the average stage length was 563 miles for Air Canada but 937 miles for CP Air. That is the non-stop distance between airports. Despite this, in all but one of the past 16 years Air Canada has had a higher load factor than CP Air.

● (2042)

In my remaining few minutes I want to deal with the whole concept—which the minister has been advancing ever since he took over the portfolio—of a profitable or commercially viable airline in Canada. That concept is a myth. There is no air carrier which would be commercially viable without the almost $500 million of public assistance. I am talking about the cost of meteorological services, air service administration and capi-

tal investment, minus revenues in the form of airports which the public of Canada provides to all the airlines in this country. The total net income loss for CP Air and Air Canada is only 4.5 per cent of the less visible public assistance made in the form of airports and services.

I say that the concept of profitability which the minister has accepted in this bill, on the basis of an amendment moved last session by the Conservatives which the minister has also accepted, particularly if we do not talk at the same time about the need to provide service, is the beginning of a policy which will lead inevitably to poorer service and more difficulties for the people of Canada. Why should Air Canada be tied to the profitability clause, to reduce services or to raise fares when any operating losses are insignificant as compared to the much larger picture of the public's investment in Air Canada?

Based on statements made not just once but many times by the minister about the direction in which he and the department want to go, we feel that this bill—although we support the idea of splitting Air Canada off from the CNR—would move Air Canada and the service it provides to the people of Canada in the wrong direction.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker—

Mr. Ellis: Straighten out the socialists, please, Walter.

Mr. Dinsdale: That is impossible.

I think it is significant that most of the speakers who have taken part in this debate today are from western Canada, particularly the great plains region, and the hon. member from the government side who spoke tonight is from the Thunder Bay region. It goes without saying that a reliable and efficient public transportation system is absolutely essential to the economic, political, and social life of western Canada. Mr. W. P. Webb wrote on this subject some years ago in a book entitled "The Great Plains". He gave us a quotation which I think is quite apropos of many of the things which have been said here tonight, and I quote:

> . . . far from markets, burned by drought, beaten by hail, withered by hot winds, frozen by blizzards, eaten out by grasshoppers, exploited by eastern capitalists and cozened by politicians.

The western people have been able to survive because we have up until recent times had a reliable transportation system.

Some of my colleagues have been suggesting that I take issue with some of the statements made by the hon. member for Winnipeg North (Mr. Orlikow). They say I should take time in this important debate to correct some of the impressions which have come from those "socialist sources". I am not going to take the time tonight other than to support what the hon. member for Winnipeg South Centre (Mr. McKenzie) has been saying as he has been attempting to straighten out the record with regard to the statements which have been made about him.

I think this is an opportune occasion to point out that the transportation system has been going steadily down hill in recent times in western Manitoba and eastern Saskatchewan. I specify those two areas because they are areas of immediate concern from the standpoint of my political responsibilities in the constituency I represent. There has been a continuing deterioration which is reflected in an economic slowdown, and I want to take this opportunity tonight to bring a few points to the attention of the Minister of Transport (Mr. Lang), who is not with us at the moment, but he will be able to read *Hansard*. Perhaps he is out watching television. I do not know, but whatever the reason for his absence I think it is imperative to point out that under the new provisions of the legislation we are debating now and have been debating for some time in this parliament in the last session he must try to deal with the new parameters which are provided in the legislation and with the deterioration in first class air service which I shall outline briefly here tonight.

In the 1950's western Manitoba and eastern Saskatchewan had excellent air service. That was almost three decades ago. We had air service which took us right through to Calgary in the west, and of course we had an excellent connection with the city of Winnipeg by air. As Air Canada upgraded its equipment, moving into the turbo prop from the old DC-2 equipment, we were included in the Viscount service. As a result of the service which was provided by Air Canada in the 1950's and 1960' we had a marked period of progress. I need not say that in the last decade, for various reasons—there was a change of government in Manitoba, which could have been one of the reasons—there has been a considerable decline in the economic process in terms of industrial development from that which had been noted in the decade of the 1960's.

Air Canada withdrew this service, and it is coincidental with the withdrawal of Air Canada from that important part of Canada that the economic decline set in. The responsibility was turned over to a private regional carrier, Transair, which provided the service under the regional air policy which had been announced by the minister of transport of that day and which was re-emphasized by succeeding ministers of transport. There have been many of them in the game of shuffling cabinet ministers which has gone on in the two recent Liberal administrations. There have been so many changes in cabinet ministers' and departmental responsibility that it is difficult to place the blame, as was pointed out by the Leader of the Opposition (Mr. Clark) during the debate on the Speech from the Throne.

The excuse for transferring the responsibility from Air Canada to the private carrier was that this was going to improve the service under the new, expanded regional air policy. Unfortunately the regional air policy is now in tatters and we have no air service of any kind in the western Manitoba and eastern Saskatchewan region, nor have we had any for the past four years. The rail passenger service has almost completely disappeared as well, so this important economic region of Canada, which includes the city of Brandon, the second largest in the province of Manitoba, is without air service of any kind. This, as I say, has been reflected in the marked decline of the industrial upsurge that began in the 1960's.

● (2052)

Two government departments are working against each other, Mr. Speaker. The Department of Regional Economic Expansion has been providing funds to assist regional development, while the Department of Transport has been downgrading the air service so essential in this modern era, to the extent that there is no air service of any kind. To make it even more ridiculous, removal of the air service came at precisely the time a brand new terminal was built at Brandon to serve that part of Canada. It was opened by the Secretary of State for External Affairs (Mr. Jamieson) then Minister of Transport, whose personal appearance underlined that this was a most significant development in transportation for that part of western Canada. No sooner had the air terminal been opened than air service was withdrawn, and I do not have to emphasize the stupidity of that decision.

I am sure the reason the present administration comes under such growing criticism is because of its lack of rational, economic leadership. It just did not make any sense at all. It became an issue in the 1974 election and the Prime Minister (Mr. Trudeau) made a special trip to Winnipeg, where he appeared with the hon. member for Winnipeg South (Mr. Richardson), who was then a member of his cabinet. He has since resigned—I suppose in utter disillusionment and disappointment. At that time it was stated emphatically that air service would be restored at the earliest possible date. Mr. Speaker, that was four years ago and we still do not have air service.

The provincial government of Manitoba attempted to supply a commuter air service to this part of Canada. It was opposed by the Minister of Transport who said it was not adequate and that he wanted to give western Manitoba and eastern Saskatchewan a first-class jet service. This was encouraging, but the minister went further and said he would subsidize not only a commuter service but also a first-class jet service east and west on a daily basis. That is precisely the air service we require. Bids were called for, and Transair made an excellent proposal which was to be processed by the air transport committee. Then there was another development. Negotiations for the takeover of Transair by Pacific Western Airlines were commenced, approved by the Minister of Transport, and so we were back to the drawing board.

You can understand, Mr. Speaker, why there was so much frustration and why there is so much participation in this debate by members from the province of Manitoba.

When a former Minister of Transport who has now moved to the other place, the Hon. Jean Marchand, had responsibility for the portfolio, he hinted that a possible solution was for Air Canada to resume its responsibility to provide quality service and move us into the jet age as had been provided for in the 1950's and 1960's. I have made inquiries of the present minister from time to time and it seems that he is moving in this direction as well. Certainly with Transair out of the picture there is no private carrier that would take on the responsibility.

This legislation gives the minister the power to arrange for one flight per day each way and to use the brand new terminal facility that has been sitting idle for four years. The service could fly in from Regina to Brandon and go straight to the east if necessary. There is a potential market of 150,000 people who at present have to drive to the international airport at Winnipeg, often a distance of 200 miles. Each time I return to my constituency it takes me as long to drive from Winnipeg to Brandon as it does to fly from Ottawa to Winnipeg. This in the year 1977, Mr. Speaker, when the second largest city in Manitoba, Brandon, should be part of a first-class jet service. People still have to drive a long distance and pay substantial parking fees for their car while they are absent. There is plenty of parking at the new Brandon terminal which I am sure would be an added economic attraction to the people of western Manitoba and eastern Saskatchewan who must have rapid, reliable air service if they are to maintain their place in the economic development of Canada.

Some members have mentioned the improvement in Air Canada's service in recent months under the new chairman, Mr. Claude Taylor. I can vouch for that from personal experience. I am sure he would be sympathetic to any gesture by the government to restore the quality service Air Canada once gave to this region of Canada. The latest statement of the minister was in a press release on September 9, 1977, when he pointed out that there is going to be a meeting of minds. It reads in part as follows:

● (2102)

Transport Minister Otto Lang and Air Transport Association of Canada President Angus Morrison jointly announced today that the government and the air transport industry have instituted discussions aimed at developing a new policy for domestic airline service, including mainline, regional and local service carriers.

There needs to be no further discussion respecting the problem I have outlined here, because the gentleman named in this release, Angus Morrison, who is the president of the Air Transport Association of Canada, was formerly actively associated and identified with Transair and was one of the moving spirits in putting forward the proposition that Transair should be given permission by the Air Transport Committee to provide daily jet service in and out of western Manitoba. Obviously he is a convinced individual, and in his current responsibilities he now has direct access to the transport minister.

Therefore, Mr. Speaker, I am hoping that in the very near future we will have the announcement that Air Canada will pick up this responsibility, that there will be the further announcement that the infrastructure necessary for making it possible for Air Canada to fly into Brandon airport is ready, and that this will take place within the immediate future since it is a policy which has been delayed now for four years. It came up as an urgent issue during the last federal election, and it begins to appear that it is going to be an "urgent issue" in the next federal election. I urge the Minister of Transport to use the authority given to him under this legislation to do what he says he wants to do, and to do it as quickly as possible.

Air Canada

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I welcome the opportunity to make a contribution to this debate on the reorganization of Air Canada. What the government, abetted by Conservative members in the House, is trying to propose I think is significant. I am afraid that we have another example of the user-pay philosophy of the Minister of Transport (Mr. Lang) that all modes of transportation with which the government has anything to do should be based on the principle of user-pay and profitability.

I and my colleagues have said time and time again, both in this House and elsewhere, that given the geography of Canada and its sparse population from region to region, if we were to adopt the user-pay philosophy, the philosophy which decrees that a transportation system must always aim to make a profit, then we are doing a great disservice to the people of this country, especially those who live in regions like northern Ontario, where I come from.

I say this because there are not people in sufficient numbers in these regions of Canada to use the transportation system in order always to make it profitable. If we move in the direction the Liberal government and Conservative members want us to move, then people in regions outside our urban centres will find the number of transportation options available to them reduced. For us in the New Democratic Party, the proposition that must be central to the design of any national transportation plan has to be the concept of service. Service must come before profit.

That is why we are particularly disturbed with an amendment to the Air Canada Act which is incorporated in the bill before us, one which the Conservatives tried to get passed in committee but were defeated by the Liberals, the Liberals then turning around and reintroducing it, supported by the Conservative members. I refer to clause 7(1.1), which provides:

In discharging its responsibilities under this act, the Board shall have due regard to sound business principles, and in particular the contemplation of profit.

We are not against sound business principles, but the phrase which really worries us, Mr. Speaker, is "and in particular the contemplation of profit".

The nature of the air transportation system in this country I find very interesting, from the point of view of looking at what has happened over the past few years to our national air carrier, Air Canada, and its major competitor, CP Air. I find it very interesting that during this debate those members most indicative of being in an ideological straitjacket are my hon. friends in the Conservative and Liberal parties, who are wedded to the belief that at all times competition and profit are going to mean benefits to the average user of the transportation system. I am not against competition in certain circumstances. Nor am I against the profit motive. But when it comes to a national transportation system then, as I have said earlier, we must consider the aspect of service.

I should like to relate what happened since 1937 when the predecessor of Air Canada, Trans-Canada Air Lines, was first inaugurated. The airline was inaugurated by the government as a public enterprise, since private enterprise was not willing to serve the nation by setting up a national air transportation system. Therefore a responsible government, under the pressure of the people of Canada and the CCF, the predecessor of my party, moved to bring about a national airline with public money. TCA fulfilled a very important service.

Then when the Conservative government of the right hon. member for Prince Albert (Mr. Diefenbaker) was elected in 1957, it initiated a study of TCA and of the whole business of whether or not there should be competition in the field of air transportation in Canada. There was a great clamour from special interest groups to the effect that Air Canada should not have a monopoly. This was after Trans-Canada Air Lines was formed because other private competitors were not interested in providing the service. In 1957 and 1958 there was a great hue and cry to the effect that we must have competition in Canada in the air transport industry.

The Conservative government of the day hired a British transport expert, Mr. Wheatcroft, to do a study of the air transport situation in Canada. He concluded that TCA was as efficient a service as any in the world, even though it had no competition on the route. However, he said there was one serious deficiency in the service: a highly vocal section of the Canadian public was not satisfied with TCA's service. I should like to quote from his report to the government in 1958. He said:

There can be little doubt that a major reason for the undue degree of public criticism to which TCA has been subjected is that passengers with small grievances have magnified these into major complaints because they do not have the normal redress of taking their custom elsewhere.

● (2112)

This is a fundamental problem of public relations which is faced by any concern with an exclusive franchise. There can be little doubt that, whatever the other disadvantages of introducing transcontinental competition, there would in this respect be substantial benefit for TCA. Competitive operations, in other words, might well make the public more appreciative of the service provided by TCA.

Not because TCA was inefficient, not because it was losing money, but because some people said, "we do not have the option of taking our business elsewhere," the Conservative government followed the advice of Mr. Stephen Wheatcroft and allowed for competition on our national air routes. As Herschel Hardin in his brilliant book on Canadian public economic development, "A Nation Unaware", stated:

The hardest flying that TCA ever had to do was through a thick ideological fog.

What has happened is that since the introduction of competition we have found we have had too much competition in a country like Canada for the kind of passanger service that is demanded. As a result we find what the Americans have found, that a host of airlines competing for a fixed or limited number of passengers can only mean more planes flying with reduced load capacity, half empty or worse.

As the cost of operating those planes goes up, the consumer, the traveller, has to pay by means of higher air fares. The Americans have found this. The studies are numerous to point it out. I would like to give a few statistics to illustrate my point.

A study that Wheatcroft referred to at a later date shows in the United States in airline competition from 1952 to 1962 that in 1952, taking an index of competition at 12, the passenger load factor was 67.1 per cent and the return on capital to the industry was 15.3 per cent. By 1962, when more airlines were encouraged to get into the market and the index of competition had risen from 12 to 38, the passenger load factor had dropped to 54.5 per cent and the return on capital was down drastically from 15 per cent to 3.6 per cent. The same thing to a lesser degree has happened here in Canada.

As Canadian Pacific began to take part of the transcontinental service, and many of the regional air carriers took the regional routes, it reduced the passenger load factor of Air Canada and indeed of CP Air to the point that the two national air lines were flying with less than full capacity.

The only way you operate on a profitable basis, about which my friends are so concerned, is to have a plane full or near full each time it takes off. When you introduce a multitude of airplanes and airline companies, because we have a limited population with limited use of the air service, these planes fly with reduced load capacity, and that means a loss. The consumer, the traveller, pays more in higher air fares, and the taxpayer pays more in terms of subsidies to the Crown corporation and indeed in indirect subsidies to the other airlines as well.

We find that by 1960 and 1961, after competition was introduced, both Canadian Pacific and Air Canada began to lose money. Suddenly the great brainstorming among the civil servants was that perhaps we should have a merger and bring things back into a monopoly position. Despite that evidence, that the more competition the greater the loss would be to the airlines, we find that the Liberal government in 1967 extended CP Air's share of the Canadian market. Orange may be beautiful, but the entire airline industry may be in the red as a result of this misguided policy of the Liberal government, supported by the Conservatives, that competition in the airline business is ipso facto a good thing.

We found that the optimum load factor of a plane is around 70 to 75 per cent of the seat capacity. In 1975, CP had a load factor of 59.3 per cent and Air Canada had a load factor of 58 per cent. You cannot operate an airline profitably with that kind of load factor.

If my friends in the Conservative party and Liberal party are as interested as they say, by the amendment they got introduced into the bill, in having profit as the central goal of a national airline system, they would merge CP and Air Canada into one national airline. As I mentioned earlier, because of their ideological straitjacket, they cannot accept that proposition. They will still go along with competition and the airlines will continue to lose money.

Some hon. Members: Oh, oh!

Mr. Symes: I see I flushed them out.

Mr. Nystrom: Now flush them down.

Mr. Symes: The facts are there. Both airlines are losing money because of reduced load factor. That can be traced directly to increased competition with a limited passenger market in the air business.

Because of competition we are worse off. We have increased costs because of excess capacity, government subsidies and duplication of services. If we were really interested in having an efficient airline service which serves the public interest, we would have a monopoly in the national airline business. However, I am afraid my friends in the other parties will not accept that proposition arising from the circumstances I have described.

If we move toward this concept of user pay which the Minister of Transport is espousing, severing the profitable parts of Crown corporations and returning them to private industry, we have no guarantee that service will be maintained on behalf of the people of Canada. I know very well the results of the concept in my area. We have seen it happen in the form of railway transportation service.

CP rail service between Sault Ste. Marie and Sudbury was subsidized by the government. The railways wanted to get out of the passenger rail service. They put enough pressure on the government to have that service suspended. As a result, the people in the small communities between Sault Ste. Marie and Sudbury, and indeed in those communities, now find themselves with one less option in terms of transportation service. The day after the railway service was cancelled, bus fares between these centres increased.

If that is not bad enough, we now find that the national airline, Air Canada, has reduced the number of flights to Sault Ste. Marie. We predicted that would happen when, a few years ago, the Canadian Transport Commission allowed Transair, or Trashair as the locals call it, to serve Sault Ste. Marie. It increased competition with the national airline and took passenger service away from Air Canada. As a consequence, in order to reduce losses the airline cut back on one of its flights. Transair is now in a state of economic collapse and will be taken over by that great Tory airline, Canadian Western Airlines.

What we find is a move afoot by the ministers officials, as recorded in today's *Globe and Mail*, that Air Canada would be better to give up short haul low density routes and turn those routes over to private airlines. At the same time, the government would subsidize those private airlines because those routes are not as profitable as the long haul routes.

● (2122)

My stand is that Air Canada should be the major servicer of Sault Ste. Marie and that the regional carriers should not move in because they have not proved to be efficient; they have not maintained the service for the people of the area, and the national airline has always proved to be highly reliable. Air Canada should be given the benefit of passenger loads as high as possible by way of exclusive rights to serve my constituency. I hope the CTC will not parcel off part of that business to a private airline as it did in the past in the case of Transair,

because we in the north know that that would mean worse service. It is important that we not allow the clause I have described to remain in the bill, and that is why I am glad my hon. friend moved his motion.

Service must be the goal of any national transportation system. If we rely upon the profit motive alone it will mean reduced service in the less populated areas. The idea that making a profit and allowing competition will at all times serve the public best is a false one. It may suit the people who live in the larger cities very well, but it will not suit those in the smaller cities who depend so heavily upon airline service because of their distance from major centres. It is important they have an option always available to them, and I predict they will not have such an option if we move in the direction indicated in the bill before us.

The tourist industry is failing. It is cheaper to fly to Florida than to Vancouver. It seems to me there must be a national airlines system which is affordable and which provides service. This has to be a national goal, and that is why I support the motion standing in the name of my hon. friend from Winnipeg North Centre.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, last July I had prepared a few comments on this aspect of the debate in the old session. We are opposed to the amendment put forward in this new session by the hon. member for Winnipeg North Centre (Mr. Knowles) and it is appropriate I should put my comments on record tonight. They will be short, but I think they apply.

The amendment about which we are concerned tonight, and which has provoked so much chit-chat between our party and the New Democratic Party, has to do with whether or not it is reasonable to expect on behalf of Canadian taxpayers that a Crown corporation or agency, Air Canada in particular, should be managed and operated both within and outside Canada on a sound business basis with a reasonable contemplation of making a profit. To remove this concept from the bill, as the amendment proposes, is, surely, to question the very basis of our private enterprise system.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Symes: That is the purpose of the amendment.

Mr. Hargrave: In the case of Air Canada, there is no reason why this basic principle should not still apply. I want to make specific comments about one aspect of the air freight side of Air Canada to show that at least some parts of the air freight operation are not being managed in accordance with sound business practice. I am referring to the air freight policy of Air Canada with respect to the transport of livestock, especially cattle, to foreign markets, nearly all of which lie across at least one ocean. I have in mind both purebred and commercial breeding cattle, both beef and dairy.

Canada rightly enjoys a very high reputation throughout the world for the excellent quality and high health standards of its beef and dairy cattle. Our cattle are in high demand, especially now when market prices are seriously depressed. With very few exceptions, customers or potential customers must be supplied by air freight. Expensive as this form of transport is, it is simply not practical or efficient to move live breeding cattle by boat or truck to offshore customers. Until a few years ago Canada had only one aircraft which was fully converted to permit the efficient movement of live cattle, by which I mean that they could be handled by a fast walk-on and walk-off system in conjunction with large cattle-liner transports. The particular aircraft I am thinking of belonged to Pacific Western Airlines, and it has now either been sold or converted to passenger service.

Air Canada has been involved to a very limited degree, but only with a most inefficient and impractical method. Cattle must first be loaded into smaller, separate crates and then loaded into the aircraft by fork lifts. The process is a time consuming one and does not lend itself to the movement of larger cattle. Accidents, such as broken legs and other similar injuries, are much more likely to happen, and this, of course, is very inefficient and expensive by comparison with the logical walk-on aircraft which are specially converted for this use. Air Canada, however, has not seen fit to supply these specially converted air carriers although they insist on having the "first right of refusal" when it comes to bids from other air freight carriers.

In effect this means that Canadian cattle suppliers or forwarders have a desperation choice, either to truck the cattle to the U.S.A. and then load on carriers other than Air Canada, or pay the higher air freight charges of Air Canada and use its antiquated carriers, and hope to remain competitive enough to attract offshore customers.

● (2132)

Two such Canadian suppliers have had very bitter experiences over this situation. I should like to name them. First there is the Alberta-Canada All Breeds Association with its headquarters in Calgary, a very good organization which has been set up to market special breeding cattle all over the world; and second, there is one that has been in operation much longer, which is known as the World Wide Forwarders of Farnham, Quebec. Both of these reputable Canadian suppliers are continually losing valuable international markets for our Canadian cattle industry because, in effect, Air Canada is essentially restricting Canadian based trade by this "first right of refusal policy" and its outdated, antiquated livestock policy which it has pursued for some time now.

I urge the Minister of Transport (Mr. Lang) to take a look at this very specific part of the Air Canada air freight policy. Since Air Canada is the only carrier in Canada that can realistically get into livestock air freight on a competitive basis, he will find ample support from Canadian cattle producers, forwarders and trade agencies, but the first requirement is a properly modified air freight carrier designed to do the job. This is possible. There are various examples of other foreign carriers which are doing this successfully now.

I should like to refer to a related matter dealing with Air Canada and make a comment about the quality of beef that is served on the menus of Air Canada. I am sure most hon. members appreciate the fact that I travel Air Canada considerably. Mostly every week, and sometimes every second week, I fly from Ottawa, change in Toronto and go on to Calgary. Then either by Time Air or the Greyhound bus I complete the balance of my journey to Medicine Hat. On that rather long trip I am always served at least one hot meal by Air Canada. The comment I wish to make relates to the feature dish, which is beef.

Most of the beef served on Air Canada is simulated steak. It looks like a lovely filet. All of it is produced in either Australia or New Zealand. When you cut into it, it is tough, stringy, and there is not a speck of cover fat on it. It has been frozen and it has been in transport for a long time. It is supplied under a tender system which Air Canada has been employing for some time.

I am not concerned about eating grass beef, and that is what it is. I eat grass beef all the time on my ranch, but at least my own beef has some fat cover on it. There is ample marbling within my beef, it is juicy and tender. The only difference between that home-grown grass beef and corn-fed or barley-fed beef produced in the feed lots in Canada is that it has a slightly different flavour. I am not critical of the fact that Air Canada beef is grass beef but surely, when we can produce the best beef in the world, we should be serving it properly on our own national air carrier system. I want to put in a plea that we ought to do better than we are doing now.

Some hon. Members: Hear, hear!

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I was wondering whether the hon. member was preaching for a call that Air Canada should buy his tender, juicy beef.

Mr. Hargrave: We will supply Air Canada any time.

An hon. Member: How about some from your riding?

Mr. Nystrom: There is lots of beef in my riding.

An hon. Member: There is more bull than beef.

Mr. Nystrom: We have some bull as well for the Conservatives, but it is a rather endangered species. Actually, we have tough old bull for the Conservatives.

I am happy to say a few words on the amendment before us today moved by the hon. member for Winnipeg North Centre (Mr. Knowles), in which he wants to strike out the words: "and in particular the contemplation of profit". When some Conservative members spoke today, they seemed to forget that the hon. member for Winnipeg North Centre is referring to those words. When there is a section like this in the act, Air Canada will see as its mandate the particular objective of making a profit and seeking a profit.

I am not against profits in some industries and in some businesses. When one is dealing with a business like transportation, I do not think the primary objective of the airline should be a profit. If it is, the smaller communities will suffer. Sault Ste. Marie will suffer. The Lakehead will suffer. The smaller cities and communities across this country are going to suffer because they cannot make a profit for the company. If the objective is to make a profit, then they are not profitable parts of that enterprise and they will not receive the service to which they are entitled.

I am sure garbage collecting is not a profitable enterprise in this country, but we still have that service. There are various other services in this country which are not profitable. We have made a decision that these services are worth-while and they should be subsidized. It is done as a priority in our society. As a Crown corporation Air Canada's principal objective should not be the making of a profit. If that is its principal objective, then it will not provide service to a lot of communities in this country.

Conservative members have risen in this debate and have indicated that the New Democratic Party is speaking out of turn and is not correct. They are speaking on behalf of the big cities in this country. Only the seven or eight bigger cities in this country will have a good service, because Air Canada can be operated very profitably in those cities.

It is strange that the Conservative party is concerned about enterprise, purity, and making a profit. When other industries are in trouble, suddenly the Conservative party is not a free enterpriser and it wants a little bit of socialism. Some Conservatives often argue for more protection for a lot of the industries in Ontario. I am referring to tariffs, and I am also talking about assistance to some of the corporations in terms of tax grants. All one has to do is take a look at INCO with its socialism for the rich and free enterprise for the poor. That is the type of contradiction which is existent in the Conservative logic.

I can look out west and see how the cattle prices are dropping in Alberta. The cattlemen, who did not want to have a marketing board, are now saying that they want subsidies, support prices, and import quotas and restrictions.

Mr. Hurlburt: No we do not.

Mr. Nystrom: Now they want restrictions on beef which is coming into this country. They want some type of intervention, but they still want free enterprise. You can have one or the other, but you cannot be half pregnant.

Mr. Hurlburt: I suggest the hon. member does not know what he is talking about.

Mr. Nystrom: I suggest the Conservative party quite often is half pregnant when they make arguments in this debate and other debates.

I see the hon. member for Lisgar (Mr. Murta) is present in the Chamber. He was with his leader in his riding in August. His leader was talking about how the Wheat Board should expand, but at the same time he indicated that private organizations should be given the authority and the right to sell grain

around the world. In other words, he was talking about getting rid of the Wheat Board as the sole grain marketing agency in this country and turning it over to private enterprise like Cargill. This is an example of Conservatives talking out of both sides of their mouths, depending on who their particular audience is.

We have the Air Canada bill before us, and the Conservatives want profit to be a major and main priority for Air Canada. If that is done, it will ruin one of the basic principles of transportation in this country, which is to provide a service to every Canadian regardless of where that Canadian lives, at the lowest possible cost. If that is done, a lot stronger country will be developed than we have today. Also there will be a lot more equity and fairness in the country than we have today, and there will be a lot more dispersed development.

If the country is set up on the profit motive, there will be a tremendous amount of centralization.

Mr. Hurlburt: What about Manitoba and British Columbia?

● (2142)

Mr. Nystrom: If you have subsidized transportation, then there will be more incentive for people to establish industries in this country in places other than Montreal, Vancouver, and Toronto. There will be more incentive for people to live in places other than the four or five big cities in the country if they can have good transportation facilities. I know what I am speaking about because I come from a constituency which has fought for years for a good air service. I believe the hon. member for Dauphin (Mr. Ritchie) has already referred to places like Dauphin, Yorkton, and Brandon. But if you operate a transportation system only on profit, we will never get transportation by air for these centres because they are too small and it is not profitable. The official critic of the Conservative party, the hon. member for Vegreville (Mr. Mazankowski), says that is right. He is right, but if the priority of Air Canada is to operate solely on profit, you will not have a service for those communities.

Some hon. Members: Oh, oh!

Mr. Nystrom: When the hon. member for Sault Ste. Marie (Mr. Symes) was speaking and the Conservatives started to heckle, somebody said he flushed them out. I think the time has come for me to flush them down.

Some hon. Members: Oh, oh!

Mr. Mazankowski: That is what happened in Manitoba to you.

Mr. Nystrom: That is what happens in a society where huge corporations are given as much leeway as possible to make a profit. That is their guiding light, Mr. Speaker. Their guiding light is the almighty buck, profit, regardless of whom it might harm. This is the same Conservative party which, a few days or a few weeks ago, was talking about the great things that the government has done in defence of INCO, the great tax write-offs to create some incentives in our society. I am surprised they are not saying "hear, hear!". They want more of those incentives. But what happens when we have a corporation which gets those handouts, laying off workers in places such as Sudbury and Thompson? That is the type of philosophy that the Conservatives and the Liberals have.

As the hon. member for Crowfoot (Mr. Horner) said, both parties are the same. There are as many small "l" liberals in one party as in the other, and as many small "c" conservatives in one party as in the other. He ought to know, he has been in both of them, he has been inside the hides of both of them. He said that both of them had the same philosophy and the same ideology, and the only differences are in the personalities in the two parties. If it comes down to just personalities, there is no real difference if anyone wants to make any real changes.

I argue very strongly that the motion put before the House by the hon. member for Winnipeg North Centre be supported, that we strike out of the bill in particular the contemplation of profit because, if it remains, Air Canada will have it as one of its primary objectives and this will be very destructive and negative for the air transportation facilities in our country.

Mr. Murta: Mr. Speaker, I rise on a point of order just to clarify the total misinterpretation by the hon. member for Yorkton-Melville (Mr. Nystrom) of what the Leader of the Opposition (Mr. Clark) said in my constituency this summer. The reason I waited until now is that I wanted to allow the hon. member to finish his remarks. I did not want to interrupt him. The reference was made in connection with the Canadian Wheat Board. The hon. member is totally wrong.

Mr. Deputy Speaker: The hon. member cannot use the procedure of raising a point of order to clarify a statement that was made outside the House. If it were a statement he had made himself, he could use the rules of the House to make a clarification, but to give an explanation of something that did not occur in this place can be done only if the hon. member sought the floor and participated in the debate.

Mr. Murta: Mr. Speaker, I have already spoken in this debate. What I meant to do was to clarify an erroneous statement made by the hon. member for Yorkton-Melville which I do not believe should go unchallenged in the House of Commons. It was in connection with what the Leader of the Opposition said in relation to the Canadian Wheat Board. The Leader of the Opposition is completely and totally behind the Canadian Wheat Board, as is the Conservative party.

Mr. Knowles (Winnipeg North Centre): How far behind?

Mr. Murta: And we feel the Board has done a good job. We are looking at ways to improve their selling function. That is what the Leader of the Opposition said, and the hon. member left a totally false impression in the House of Commons.

Mr. Deputy Speaker: The remarks of the hon. member prove that he was raising a point of debate, not a point of order.

Mr. Nystrom: Mr. Speaker, I rise on the same point of order. I am sure I have the right to say a couple of words in response to the misleading statement of the hon. member for Lisgar.

Some hon. Members: No.

Mr. Nystrom: I was only quoting a reputable journalist from the Regina *Leader-Post* named Fred Harrison, who had called the office of the Leader of the Opposition, who did not deny the statement.

Mr. Deputy Speaker: Order, please. Would the hon. member resume his seat? What the hon. member is doing is to prove again that the Chair was right and that the point raised was just a point of debate, not a point of order, something which the Chair did not accept. It is certain therefore that I cannot accept another point of order which is an argument.

Mr. Knowles (Winnipeg North Centre): It is a draw.

Mr. Bob Brisco (Kootenay West): It is unfortunate that in dealing with this bill, instead of addressing themselves to it, the NDP have tended to launch into an ideological diatribe, beating their political drum for all its worth. I would respectfully draw to the attention of the NDP the particular passage over which they expressed so much concern, that is, that the board shall have due regard to sound business principles. This is not the complete quote, but there was genuine reason for concern on the part of the NDP with reference to sound business principles.

I can understand the NDP having difficulty with sound business principles, and I really appreciate their dilemma. Certainly the history of the NDP in British Columbia would indicate that they had a great many problems with sound business principles, but if they look at the clause which gives them so much difficulty and realize that the contemplation of profit is only there as a reference—it is not said there that Air Canada must make a profit, a word which sticks in their throats, they gag on the word "profit"—they would understand it better.

To put this ideological argument to rest, to put the whole thing in its proper perspective, let us quote one of their authorities. I am referring to the backroom mastermind of three Ontario election campaigns of the NDP. The man in question is Mr. Gerald Caplan. What does he have to say about the economic problems of the party he represents? He says:

> That lurking fear among potential supporters that we've never met a payroll, that we simply don't know how to run this store . . .

David Lewis, the former leader of the NDP, said the following:

> One of the real deficiencies in my own leadership was that I was never able to clarify adequately the NDP's proficiency with the economy.

● (2152)

I would be quite prepared to address myself entirely to this bill, but I think first we have to look at it in the perspective of the arguments which have been presented by my friends on my left. Mr. Caplan went on to say that the NDP failed to increase its vote because it did not prove itself responsible on economic matters. The red herring of garbage collection was raised here. I fail to see any similarity between garbage collection and Air Canada, and I am sure Air Canada would not appreciate that reference.

If we are going to get involved with whether a particular telephone company makes a profit or whether it is a Crown corporation, I suggest to my colleagues on my left both physically and politically that they examine the record of B.C. Hydro. If they think that Air Canada has a problem making a profit, perhaps they should examine British Columbia Hydro. After all, I notice in the guide which gives us a background and a history of all members of parliament, one member who used to serve the riding of Kootenay West and who said, "These accomplishments," referring to the accomplishments of his party, "include forcing the B.C. government to take over Hydro facilities". How the citizens of British Columbia have rued that day, and speakers from that particular party have expressed that same concern since then.

In Kootenay West there is a small utility company called West Kootenay Power. It is one of those nasty corporate companies which makes a profit. That company services the Kootenays, part of the Okanagan and right through to Princeton. The people of those areas will have nothing to do with B.C. Hydro. Why? Because West Kootenay Power, while it operates at a profit, has utility rates at least one quarter lower than those established by that giant, B.C. Hydro.

Mr. Hogan: Which government nationalized Ontario Hydro? It was a Progressive Conservative government.

Mr. Brisco: You will have your turn, brother.

Mr. Haidasz: It's "Father".

Mr. Brisco: I did not realize that he was promoted to a father. I hope it will not be long before he is canonized.

Mr. Hogan: Cheap shot there, boy.

Mr. Brisco: By its rates and by the inflated salaries it has paid to linemen and other hydro workers, B.C. Hydro has robbed utility companies of valued employees right across this country. Utility companies simply cannot compete with the wages which are paid by B.C. Hydro.

That is getting far and a way from this bill, but if the members of the NDP are going to bring in red herrings, then I feel responsible to respond to them. They have said that public transportation should never make a profit and that it is there to serve the public. Certainly public transportation is there to serve the public. I do not argue that point, and I do not suggest that in remote areas it will make a profit. However, a clause in this bill says that sound business principles have to be considered. Is there something wrong with that?

Is there some new economic policy of the NDP which would employ other than sound principles? They wail and moan

about small communities which are going to be badly hit and terribly hurt if Air Canada decides to make a profit. At some time I would like to talk to them about the history of Castlegar and of Pacific Western Airlines. As a matter of fact, CP air sold that run because it could not make a profit. However, the economy of the area gradually improved, Pacific Western hung on, and now that operation is so busy that the airports are in need of expansion. The people find that there are not enough seats on the aircraft. We now have 737 jet service instead of Convair or DC-6 service. It is a small feeder service. It goes to Cranbrook, Castlegar, Penticton, Kelowna, and ultimately ends in Vancouver, Edmonton and Calgary, those major centres. It is a profitable run, in spite of the fact that, during the winter months, weather often causes cancelled flights.

We hear about that big, bad corporate monster, CP Air. Thank God we are not talking about CP Rail. I might be in sympathy with my friends.

Mr. Hogan: They are all the same; it is a conglomerate.

Mr. Brisco: My friends say CP Air is busy trying to get more and more routes and more and more profit, and is being granted long hauls. I think it was the hon. member for Winnipeg North Centre (Mr. Knowles) who said it has been granted long hauls, the money-makers. I wonder how many have looked at the number of CP Air aircraft which fly into Ottawa and have compared it with the number of Air Canada aircraft which fly into Ottawa. If there ever was a profitable run, it is that bureaucratic air bus from Toronto to Ottawa.

Mr. Hogan: That is false. Look at the profits for last year. They lost money.

Mr. Brisco: There is no question in my mind, nor in the minds of hon. members on both sides of this House, that Air Canada should operate in a sound business manner. There is nothing wrong with operating in that fashion. There is nothing wrong with attempting to make a profit, and if hon. members to my left are so confused that they think our national airline is not listening to what hon. members say here, is not responsible to parliament or to the standing committee and will not be affected by changes, they are indeed very naïve. If Air Canada is squeezing the public in some cases on solely a profit motive, then surely the matter will be before this House in very shot order. So I say, what is wrong with Air Canada or any other Crown corporation using sound business principles and making a profit?

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I would like to correct the previous speaker with regard to the profitability of the Air Canada run from Ottawa to Montreal and Toronto. If we look at the figures, excluding the costs of the airports, we find that in the last two or three years, without getting any extra competition from CP Air, Air Canada has been losing money. This is one of the difficulties we have when talking about transportation policy in Canada from the point of view of an area like the Atlantic region. There is supposed to be competition, but in reality it does not add up to any competition at all.

How can a member of parliament come here and make a distinction in an abstract way between CP Air as an entity and Canadian Pacific as a corporation, which controls everything we see in its advertisements and how it is concerned about profit?

It is terrible that hon. members in the official opposition squabble with one another instead of with the leaders of the present government. This opposition party has shown that when it comes to cutting the cake there is no difference between it and the Liberal party. There is a difference in personalities but not in terms of what the last member called ideology but what I would call "idiology". The difference is basically that these two, large, old parties are committed to the profit motive, even if it means that areas like Atlantic Canada and others do not get the services they should. They deny that, but it is the conclusion that one has to draw from the way they argued tonight and on many other occasions.

● (2202)

Would anyone in their right senses object to a clause providing that Air Canada or any other business should be run along business lines? Does that mean we would therefore have to operate a national airline or national transportation system geared primarily to making a profit? The history of Europe, as opposed to that of this country, shows this is not the case. No one is going to object to the Minister of Transport (Mr. Lang) trying to achieve better business management.

Coming from a region like mine in Atlantic Canada where private enterprise in the form of Hawker Siddeley and Dosco left us high and dry, just as Inco will leave Sudbury high and dry when the minerals are out of the ground, we know that what happens eventually is that the public has to take over. In such regions the profit motive is not paramount, and even in our market system service should take precedence. That does not mean we are against business enterprise but it means that we do our best to minimize losses.

Areas like Toronto, which because of large population can move great numbers of people who have high incomes, can make a profit on certain runs. These people share part of the cost of servicing the Atlantic region, the Kootenays, areas on Vancouver Island or in Newfoundland. That is what Confederation is about, Mr. Speaker. It is part of what the Parti Québécois is objecting to, leaving aside the linguistic and cultural concerns. Are we or are we not one country?

Because I come from a maritime part of the country must I accept inadequate public transportation so that some company can make more profit by serving central Canada, an area protected by tariffs, import quotas, and other types of protection alien to any kind of theoretical free enterprise system of which you can think?

I admire people who have enough gall to think that others are so stupid that they do not mind these companies that operate in Ontario behind a 40 per cent protective barrier, in furniture, footwear, textiles and other areas. I could go on

down the list. They pretend that this is free enterprise. We live in a mixed economy with the government supplying the basic impetus which keeps the economy going. Where private enterprise and incentive come in is in retailing and in wholesaling. Who is going to object to that? What we object to is seeing so-called private corporations getting deferred taxes amounting to millions of dollars, taxes which have run into billions of dollars over the history of this country.

• (2207)

We have been listening to some of these right wing Conservatives who belong to the government across the way, a government which the hon. member for Vaudreuil (Mr. Herbert) has said has one of the weakest cabinets we have ever had. What kind of nonsense is it to say that we have free enterprise? Do the few people in the gallery listening to me tonight believe that kind of malarkey? The North American economy and the economy of the western world are underwritten by government. The risk that private enterprise takes is small because the taxpayers underwrite that risk.

About three weeks ago Ottawa sent 310 jobs to Cape Breton as part of its decentralization program. Twenty-six per cent of all civil servants, give or take a couple of percentage points, live either in this city or in Hull. Certainly I favour Hull over Ottawa. This is probably a hateful thing to say, but I think the Frenchmen have been screwed under Confederation in many ways.

As for the United States, 12 per cent of the civil servants in that country live in Washington. Some 6 to 8 per cent of Swedish civil servants are in Stockholm. With this big, centralized government bureaucracy, are hon. members trying to tell me that the basis of our economy is free enterprise? We are not opposed to free enterprise when it comes to buying a suit of clothes or going into a restaurant, but let us admit the reality of today. In one way or another we have a socialistic system.

With so much being underwritten and paid for by the taxpayers of Canada, either through the federal or the provincial governments, it is pure nonsense to say we have any other system. To call it a free enterprise system is so much nonsense. Yet this is what economic textbooks would have us believe.

Mr. Symes: Or an ideological straitjacket.

Mr. Hogan: The hon. member who preceded me tried to defend private enterprise when it does not exist. As I say, the whole system is underwritten by the government. One does not need a high school or college education, or to be an economist, to recognize that that is the *sine qua non*, the basic premise, of our economy today. We have evolved into a mixed capitalist-government economy. Who in their right mind would oppose that today?

The CNR has made a profit for the first time in 20 years. According to what I have read, the Minister of Transport now wants to sell the CNR because he says it is not making a profit. He says this after the Canadian taxpayers have underwritten that profit. What kind of nonsense is this?

Mr. Symes: It is Liberal nonsense.

Air Canada

Mr. Hogan: What kind of nonsense is it when a private enterprise firm leaves the Cape Breton steel industry and the federal government then turns it over to the provincial government of Nova Scotia and says, "You guys run it on your own"? Seven hundred thousand people, with one of the lowest income standards in this country, and they ask them to make it a competitive international steel industry! Then it wiped its hands clear of them. The people there have been suffering ever since.

• (2212)

Some are surprised and say to me it is an exaggeration that people are committing suicide because they are unemployed. It is not an exaggeration. These people felt what it was like to be constantly unemployed.

I realize I am getting terribly emotional. However, it is time somebody did.

Does anyone really think that the Indians of this country are inferior? Does anyone think they are the way they are because they want to be that way? Is it not because we have put them on reservations?

We are also putting others who are not red skinned on economic reservations. We are doing this to those in Cape Breton, and are in the process of putting those who work for Inco in the same position. This is a beautiful tale to be told about the multinational corporations.

The Canadian Export Development Corporation goes to Guatemala and Indonesia under the guise of helping the underdeveloped countries. At the same time, the government allows Canadian jobs to disappear. Is that what we need to help the underdeveloped world? What is happening?

Eric Kierans was right. He is a professor of economics at McGill University. He was a cabinet member of this Liberal government and sat in the Quebec legislature. He is no red radical socialist. He is a very well off man. He called it the way it is.

What has happened is that we have a marxism version of the twentieth century happening in Canada and all over the western world. It is not to the extent that Marx said it would happen. However, the government has certainly become the ruling committee of the bourgeois, and the bourgeois in our context is the multinational corporation.

The multinational corporations say they want more, without promising they will create more jobs. The Minister of Labour (Mr. Munro) is supposed to be a friend of the ordinary worker in this country. I suggest that he and other ministers look at the figures of CALURA. They will see $10 billion to $12 billion in deferred taxes, with not a cent of interest being paid by the multinational corporations.

An idealistic woman is now head of Health and Welfare. She is trying to scrimp and scrape in order to get the basis for a guaranteed annual income. I will tell her, as Eric Kierans told the cabinet which he had to leave because he could not convince its right-wing people, if they put 10 per cent, which is less than the market price, on the current taxes that are owed,

they would have $1 billion to $1½ billion to start a guaranteed annual income scheme in this country. We do not want to live in a country in which forever the lowest 25 per cent of the people are going to get 4 per cent of the gross national product.

I must say that I have become somewhat modified since coming to parliament. I realize, now, that many politicians work very hard and that they deserve to be higher than they are in the so-called pecking order, but, for God's sake, is not the time here for us to say in this country, in North America, that we cannot go on in this way, that we just have to make sacrifices in order that the lower income people, both here and in other parts of the world, get their fair share? Rhetoric alone will do nothing. We have to build the institutions which will make this possible, and if this is ranting, raving socialism, I apologize to my hon. friends.

● (2215)

When you know them well enough, they are all nice fellows in this Chamber, whether they are from the Liberal party, the Conservative party or whatever. I am talking about human beings. We are a very small percentage of the human beings who live on this earth, and unless we distribute income and wealth in a fairer way we shall find ourselves in still greater difficulty—

Mr. Deputy Speaker: Order, please. My intention is not to remind the hon. member that his time has expired but merely to ask him to come back to the subject matter of the amendment which is before us.

Mr. Hogan: Thank you, Mr. Speaker. I come from the Atlantic region and I can tell you that in the Atlantic region, because of over-emphasis on the profit motive by a Crown corporation, we are getting less service. It is true that only 5 or 10 per cent of our people use the airlines anyway, and we in this Chamber are among those who are so privileged. But there are a lot of people who find they need to fly in certain circumstances because, for example, of the death of relatives living far away in other parts of the country. They are getting short-changed.

I want to tell the hon. member from the Kootenay area that we all understand the need for good business management and so on. But the Minister of Transport is one of the most conservative men I have ever met in my life—next to the hon. member for Crowfoot (Mr. Horner)! That man has no idea what it means to live in an outport in Newfoundland, or what it means to live in isolated areas where transportation facilities are desperately needed. This does not mean you say "to hell with costs completely". Obviously, the Canadian taxpayer, through income tax or sales tax, or indirectly through the very weak corporation taxes, would in the end have to pick up the bill. There has to be a balance.

We are not complaining that a profit might be made. But we suspect that a profit will be made, as has been done so often in the past, at the price of service to Canadians. It is that type of thinking, especially if it is pursued to a logical conclusion in line with the wishes of the Minister of Transport, which will lead Canadians into great difficulty.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the socialists are at it again tonight and I think it is important that we should first of all take a look at what they are proposing. Many of their speeches have wandered from the point.

The hon. member for Yorkton-Melville (Mr. Nystrom) spent a lot of time on the phrase "contemplation of profit" and that is what they said they intended to delete. But that is not exactly what the motion of the hon. member for Winnipeg North Centre (Mr. Knowles) proposed to delete. It is going to delete the contemplation of profit, but it will also delete the requirement that the Board shall have due regard to sound business principles. It is important to emphasize that, because the type of thinking—

● (2222)

Mr. Knowles (Winnipeg North Centre): Read the rest of it.

Mr. Stevens: —the socialists have been espousing here tonight is the type of thinking that the Trudeau Liberal government has been following for years. The hon. member decries unemployment. I agree with him, but the unemployment he decries is due to those very socialistic principles which are being espoused in this House tonight.

Some hon. Members: Hear, hear!

Mr. Hogan: Mr. Speaker, I rise on a point of order. I will not take any more than a minute of the hon. member's time, but I should like to remind the hon. member that I come from an area in which private enterprise left us high and dry. With all the faults of this government, if it did not take over the coal mines and it failed to take over the steel mills, we would be in a worse position.

Mr. Deputy Speaker: The hon. member is making an argument.

Mr. Stevens: Mr. Speaker, before we vote on the proposed amendment, I think it is important for us to see in its entirety what the hon. member for Winnipeg North Centre intends to delete from the bill before us. According to his motion, he intends to delete lines 6 to 9 on page four of the bill. Those lines read as follows:

> In discharging its responsibilities under this act, the Board shall have due regard to sound business principles, and in particular the contemplation of profit.

Let us not allow the socialists to confuse this issue. They are making a two-pronged attack. First of all, they want to make sure that the directors are not going to be required to follow sound business principles, and second, that they should not carry out their activities in contemplation of profit.

Mr. Knowles (Winnipeg North Centre): Primarily.

Mr. Stevens: It does not say "primarily". This is the type of confusion the hon. member continually attempts to put into this bill. If they want to espouse their garbage, I think it is

high time that they at least stick to the facts. The amendment does not say "primarily", although I noticed that they almost uniformly used that type of wording to denote what they were trying to achieve.

Mr. Knowles (Winnipeg North Centre): The word is "particularly".

Mr. Stevens: I thank the hon. member for retracting that.

Mr. Knowles (Winnipeg North Centre): It is the same thing.

Mr. Stevens: Now the hon. member is saying that it is the same thing. If he reads the dictionary, he will find that it is very much different.

Mr. Orlikow: What dictionary?

Mr. Stevens: The Oxford Dictionary. I think it is important to separate these two things. Surely there should be no serious suggestion that the Board of Directors of Air Canada should not follow sound business principles. Also it should be accepted that, in doing that, the evidence of their following sound business principles is the profit which they make. Their efficiency is simply registered or gauged by profit.

There has been a very serious misunderstanding of this legislation. I understand how the hon. members who did not attend this committee can make such a mistake. They are confusing the operation of Air Canada with service. The reason I feel a clear distinction is necessary is that clauses 8 and 9 of the bill, in my opinion, deal with service in the sense of service where Air Canada is being expected to run an airline into an area which is not viable. In that case the act contemplates the minister may, in effect, order Air Canada into that area, and it will be compensated out of the public treasury for whatever loss is incurred.

• (2227)

We are not saying that if there are areas in Canada that should have air service and it is not viable or profitable to put an air service there, we should abandon them. What we are saying is, let us get it out into the open, let us see what is the subsidy which the government will be called upon to pay, and clauses 8 and 9 contemplate that. They say very clearly that if the minister feels there is a need for a service and he asks the air line to go in, subsequently a calculation will be made of the cost and loss, and the loss will be repaid to Air Canada. So I say that basically the main thrust of the socialists' arguments tonight is really off the point. If essentially they want Air Canada to provide a service into areas that otherwise would not be profitable, they can get that simply by stressing that the Minister should implement clauses 8 or 9 in whatever areas they feel it is desirable to do so.

That is the service side. What we believe is a necessary ingredient in the bill is the provision which the hon. member for Winnipeg North Centre wants to delete, namely, that when you give an airline such as Air Canada $370 million of capital, surely the least we can expect from them is that they will use that capital in a business-like way and make a profit. In short, if they put out $370 million at 10 per cent interest, they can make $37 million before they do anything. What we hope to instill in Air Canada, and certainly in their directors, is a sense that they are given in trust $370 million of public money, and that we hope that in running the airlines they will do so in accordance with sound business principles and will run up a profit, which, I think, is not too difficult.

If we look at the record, I think we have cause to ask that this airline be run at a profit, because for the last three years they have consistently lost huge amounts of public money.

Mr. Symes: Due to over-competition.

Mr. Stevens: Does the socialist from Sault Ste. Marie realize that Air Canada has 50 per cent of the total air travel in Canada at present? If he read the *Globe and Mail* this morning he would have seen that the total revenue in 1976 of all airlines in Canada was $2.57 billion. If he picked up the annual report of Air Canada he would find that their revenue was $1.125 billion.

An hon. Member: We want the load factor.

Mr. Stevens: If he wants the load factor, it is over 70 per cent. What the socialists love to do is to get big pots of money—$370 million would be lovely. They love to load on to that pot of money as many civil servants as they can hang on to it, and then when they come up with a loss their excuse always is that after all they provided a service. We have to start calling things the way they are. The entire approach of these socialists is a sham and a fraud on the Canadian public.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): You want to continue with the tariffs, the grants, and the subsidies.

Mr. Stevens: In 1974 Air Canada had 50 per cent of the revenue of all airlines in this country. In 1974 they lost $18.7 million; in 1975, $24.9 million; in 1976, $22.2 million, for a total of almost $66 million. Is it wrong for members of the House to say simply that if they wish to be recapitalized they should at least make a profit in future? May I call it 10.30 p.m. Mr. Speaker?

Mr. Deputy Speaker: Order, please. It being 10.30 p.m. this House stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Wednesday, November 2, 1977

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

PROPOSED FREEZE ON PRACTICE OF CONTRACTING OUT WORK—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 to put forward a motion on a matter of urgent and pressing necessity. In view of reports in the Argus Journal of the Public Service Alliance of Canada that the alliance is seriously concerned that the President of the Treasury Board (Mr. Andras) is misleading taxpayers and the House of Commons about public service growth, and that members of the alliance are so concerned about government contracting, and contracting out to retired public servants that they plan mass rallies in such cities as Winnipeg to discuss such alarming figures as the fact that 29 departments have taken on 3,700 employees at a cost of $130 million for 1975 and 1976, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That this House instruct the President of the Treasury Board to place an immediate freeze on all government contracting out, and contracting out to retired public servants, that the President of the Treasury Board be directed to appear before the Standing Committee on Miscellaneous Estimates to explain the necessity for contracting out work and also that the president of the Public Service Alliance of Canada be invited to testify before this committee.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

REFERENCE TO LETTER DATED DECEMBER 19, 1972, FROM DIRECTOR OF SECURITY TO SOLICITOR GENERAL—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, rise under the provisions of Standing Order 43 pertaining to an affidavit signed by the Solicitor General (Mr. Fox) on October 12 of this year. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Prime Minister to inform the House of the contents of a letter dated December 19, 1972 sent by the director general of security services of the RCMP to the then solicitor general on the subject of the illegal break-in at L'Agence de Presse Libre in the fall of 1972.

Mr. Speaker: Such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

REQUEST FOR INQUIRY INTO RAID INTO OFFICES OF SOCIAL CREDIT PARTY IN RIMOUSKI—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an important and particularly urgent matter.

As flagrant proof has forced the federal government into revealing the illegal and brutal acts of the RCMP, as those isolated cases may cover up a whole system of undue interference into the affairs of individuals and legally recognized organizations, and as the Rimouski offices of the Social Credit Party of Canada were cleared of all books and documents by agents of the RCMP, which books have yet, to my knowledge, to be returned, and bearing in mind that the agents of the RCMP, by taking all those books and documents—among which lists of the members of that party in Canada—by so doing and by other actions, have led to legal proceedings with the result of confessions obtained through duress, intimidation, and promises of all sorts pertaining to the application of the Canada Elections Act with regard to tax-deductible contributions, and that those circumstances have discredited all members of our party, and finally because the machinations of such a system must be brought to light, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That an inquiry be set up to determine to what extent the RCMP overstepped its rights by acting as it did when it searched, on May 7, 1975, the premises of the Social Credit Party of Canada in Rimouski, and to what extent it was entitled to terrorize peaceful and defenceless citizens.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to the terms of Standing Order 43, the motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Paper

[*English*]

FINANCE

REFERENCE TO COMMITTEE OF CIRCUMSTANCES SURROUNDING DECLINE OF DOLLAR—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent necessity. Although the Minister of Finance (Mr. Chrétien) has stated that the Governor of the Bank of Canada is not intervening in foreign exchange markets and that the public will not know the day to day fall in our exchange reserves, his own department has published figures today which show our foreign exchange reserves have fallen $605.5 million in one month, confirming earlier estimates. In view of this precarious state of our currency, temporarily stabilized by foreigners financing purchases of Canadian grain, and in view of the minister's misleading and contradictory statements about our exchange position, I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

● (1412)

That this House refer the matter of our declining dollar to the Standing Committee on Finance, Trade and Economic Affairs, and that that Committee be instructed to report on the adequacy of our foreign exchange reserves, the reason for their decline to an all time low in relation to our trade deficit, the reason why new 'stand-by' credits were arranged with private banks when there are already lines of credit available from other countries' Central Banks, and in particular, the terms of the stand-by arrangement.

Mr. Speaker: This motion under the provision of Standing Order 43 requires unanimous consent for presentation. Is there unanimous consent?

Some hon. Members: No!

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INDUSTRY

REQUEST FOR TARIFF PROTECTION FOR PAPER AND BOXBOARD MANUFACTURERS—MOTION UNDER S.O. 43

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Since 80 per cent of Canada's paper industry is not protected by duties and Canadian boxboard mills cannot compete with mills in the United States because the Canadian government does not provide comparable conditions with regard to taxation, transportation, machinery and equipment costs and export incentives, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Minister of Finance ask our representatives in the Tokyo round of GATT negotiations now in progress, to protect the Canadian paper and boxboard industry against unfair exposure to market conditions which could be ruinous to this industry and the jobs of its employees.

Mr. Speaker: In accordance with Standing Order 43 such motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

[Mr. Speaker.]

Some hon. Members: No!

Mr. Speaker: Oral questions.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

MANDATE OF SECURITY SERVICE PRIOR TO MARCH, 1975—PERSON AUTHORIZING OPERATIONS AND REPORTING PROVISION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister who I am pleased to welcome back to the House of Commons. On Friday the Solicitor General indicated that the Cabinet on March 27, 1975 defined the mandate of the security services. The Prime Minister will recall that those illegal offences of which the House of Commons has been informed to date occurred before that definition of the mandate. Will the Prime Minister tell the House what the mandate of the security services was prior to March 27, 1975 and specifically did that mandate, prior to March 1975, deal with the question of illegal activities and what instructions were given to the security services in regard to illegal activities?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as far as I know, the mandate which was that of the security services before the date of the giving of those guidelines to the RCMP, was the traditional mandate carried out by the RCMP under previous governments to mine. As far as I know, they go back as far as the RCMP has existed. We have not been able to find specific guidelines parallel to the ones we issued in March. The reason some were issued in March, 1975 was that at that time we realized the RCMP had been investigating a legal political party. They were asking us for guidance in terms of what they should be doing in order to best protect the security of the country. We indicated to them that the answer would be contained in these guidelines. There was nothing in the guidelines, of course, authorizing any illegal act, nor do I believe the common-law guidelines existing before the general mandate given to the RCMP security services under the RCMP Act has ever referred to the fact that the RCMP could commit any illegalities. It was not found necessary by my government, or by I think any previous government, to indicate to the police that they could not act illegally.

Mr. Clark: A supplementary question, Mr. Speaker. I wonder if the Prime Minister could tell the House who, prior to the March, 1975 guidelines had the ultimate authority to authorize security operations and what provisions existed for reporting upon those security operations to either the Prime Minister or the Solicitor General? Further, what actions did the Prime Minister take to satisfy himself that no illegal activities were undertaken?

• (1417)

Mr. Trudeau: Mr. Speaker, the practice of reporting security operations is one which existed under my cabinet, as it existed under previous cabinets. There were periodic reports to cabinet of security risks. As infrequently as once a year, I believe we had a committee of cabinet listen to the RCMP in order that they may tell us what security risks were incurred by Canada, what they were doing about them, what dangerous groups were being investigated and so on. Of course, there were particular cases where information was given to me individually as the Prime Minister. Perhaps they would have to do with the police thinking that somebody should be declared a *persona non grata* in the country. In cases like this, they would discuss it with the Secretary of State for External Affairs or myself. Therefore, there were individual cases of security risks coming to the attention of the police; but generally there was an annual report, and sometimes more frequently.

ACTION TO ENSURE NO ILLEGAL ACTIVITIES BY SECURITY SERVICE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, in order to understand what went on during that period—

Some hon. Members: Oh, oh!

Mr. Clark: —is the Prime Minister telling this House that apart from an annual meeting, and perhaps occasional briefings which I gather were initiated by the security service, he as Prime Minister took no provision to assure or satisfy himself, as the responsible minister, that the security services were not involved in any illegal activity? Is that the position of the Prime Minister?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, and that was also my position with regard to any other agency of government. I took no particular precaution to tell them they should not break the law.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, the Prime Minister has admitted in this House that he became aware the security services were engaged in surveillance of a legitimate political party. At that time did he not ask who authorized that surveillance? At that time did the question not cross his mind as to whether the control he was keeping, as the responsible minister, over security services which were, by his own admission, then undertaking the surveillance of activities of political parties that might have been involved in illegal activities, that it was prudent for him to establish some means to ensure that the law was not being broken and that initiatives such as the surveillance of political parties or ordinary citizens were not being taken?

Mr. Trudeau: Mr. Speaker, when I heard that a political party was under surveillance, we issued guidelines indicating that that should not be done. The hon. Leader of the Opposition asked me if at that time I did not suspect that in order to undertake the surveillance of a political party the police would have to break the law. I do not think that follows at all. Certainly, it did not cross my mind. I imagine we could get a list of the members of the Conservative party just by giving some money to some member of the secretariat who would give us a list. There is nothing illegal about that.

Mr. Hnatyshyn: Surveillance is a different thing.

Mr. Trudeau: I just found it offensive that the RCMP had lists and was undertaking the surveillance of a political party.

Mr. Hnatyshyn: That is right.

Mr. Trudeau: I do not know if I knew at the time they had lists. They told me they were undertaking the surveillance of a party. I would imagine surveillance implied knowing somebody was a member of that party. I told them they should not continue to do that. There was no more reason to suspect that they were breaking the law by conducting a surveillance of that party, than to suspect they were breaking the law by conducting a surveillance of any spy or terrorist who was coming into Canada.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Civil libertarian!

• (1422)

DISTRIBUTION OF INFORMATION GAINED BY SECURITY SERVICE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a question for the Prime Minister. What policy instructions did federal security services have prior to 1975 with regard to the dissemination of information gathered legally or illegally from surveillance of political parties? As a matter of policy, was the information gathered given to the Prime Minister or the cabinet committee on security and intelligence chaired by the Prime Minister?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, since the time I became Prime Minister in 1968, I know of no surveillance exercise of any political party as such, only the one I referred to in the case of the Parti Quebecois and I had it stopped as soon as I learned about it.

Some hon. Members: Hear, hear!

Mr. Trudeau: I am quite sure that the policy of the RCMP until that time had been to exercise surveillance on those who might be considered a security risk, whether they belonged to one party or another or to no party at all. However, the idea of surveillance of a party which was legal under the law was something absolutely unknown to me, and I presume previous Prime Ministers, until we realized there had been surveillance of the PQ for a short period of time. I repeat, as soon as we found that out, we asked that it be stopped.

Mr. Jarvis: Now that the Prime Minister has had an opportunity to check on this unhappy affair, can he say if anyone in government was given notice of the subscription lists taken from the APLQ in 1972 and the membership list and financial information of the Parti Québécois in 1973? Has the Prime Minister checked and determined that no one in government was given a copy of all that information?

Mr. Trudeau: Mr. Speaker, I have checked that the Solicitors General at the time did not have knowledge of this break-in which obtained lists of members of the PQ. I had no knowledge. I presume if the police were going to pass the knowledge on to anyone, it would be the Solicitor General or myself and they did not. I cannot vouch for the fact that some lists may not be leaked, for all I know to some members of the opposition. Things do leak from the RCMP. We saw just a year ago that a letter from General Dare to Mr. Bourne was leaked to the Toronto *Sun*. I cannot say that nothing leaked. I do say that this government has no knowledge of the content of those lists nor, as far as I know, any member on this side of the House.

INQUIRY IF PRIME MINISTER HAD LIST OF PARTI QUÉBÉCOIS MEMBERS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. He is quoted in last Saturday's *Globe and Mail* as being amazed when he learned of the surveillance of a democratically constituted party in Canada. His words were "Gee, we have got to stop this." Given his alleged state of amazement that such serious and wrong activity was taking place in terms of monitoring political parties in Canada, and given the fact that he said "maybe they" with reference to the RCMP "did tell me" about having a membership list of the PQ, considering at one point in his answer today he said yes he did have a list but then corrected himself and said no he did not have a list, if he was amazed when told about this in 1974 or 1975, he could not remember the year either—

Some hon. Members: Oh, oh!

Mr. Broadbent: —can he now tell us definitively if he did have a list of the membership of the PQ and why in heaven's name he did not pursue the question to see if it had been obtained legally or not.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the leader of the New Democratic Party is distorting my words. I never said in the House or even in my press conference that I might or might not have had a list. I said they, the RCMP, might or might not have told me they had a list. That is something entirely different.

Some hon. Members: Hear, hear!

Mr. Trudeau: I do know I was informed by the RCMP that they were exercising surveillance of the Parti Québécois. That was perhaps in 1974 or 1975 because we issued the guidelines in March 1975. These guidelines were meant to tell the police that they should only exercise certain types of surveillance, those spelled out by the Solicitor General in his speech in the House on Friday. Therefore it might have taken place in 1974 or early 1975. I could check the year by looking at some diaries, but it is not that relevant. The relevant thing is when we found out they were exercising surveillance of a democratically constituted political party, we told them to stop and issued the guidelines.

• (1427)

The hon. member wants to know whether or not I was told then that they had a list. I honestly do not remember them having told me they had a list. But I would agree that it is reasonable to presume that if you have police and they are reasonably smart, which they are, and they are exercising surveillance of a party, whether it is one of the parties over there or our party, one of the things they would do would be to get a list. You can buy a list. You can get a list very easily. There is no reason to suppose, as the Leader of the Opposition was supposing, that in order to get this particular piece of information they had to do anything illegal.

The police are getting information all the time. I am sure they are getting it from the members opposite but it is not always cooperative. The police are getting information, perhaps, on the activities of agents in this country which are detrimental to our security. The police are getting information on people who might be engaged in acts of terrorism, and so on. There is no reason to suppose that in order to get this information they have to break the law. And I did not presuppose that they broke the law in order to get those lists, assuming they told me at the time that they had them.

Some hon. Members: Hear, hear!

LEGALITY OF MANNER IN WHICH PARTI QUÉBÉCOIS MEMBERSHIP LISTS OBTAINED

Mr. Edward Broadbent (Oshawa-Whitby): The Prime Minister's little speech will only persuade those who sit behind him. Considering the right hon. gentleman's serious moral and political responsibility—I say "political" in the context of the times when there was a rising separatist movement in the Province of Quebec and when the Prime Minister discovered that the federal police force were monitoring a political party, the Parti Québécois—did he not consider it his basic responsibility at least to find out whether they were doing it legally? If not, how can he claim to sit in his present seat with any confidence and assurance?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I told the Leader of the Opposition that from time to time, perhaps once a year in the earlier stages but much more frequently in the later stages, we had information from the

police. They would tell the ministers involved with security—the Minister of National Defence, the Secretary of State for External Affairs, the Minister of Justice and myself—certain information. They would tell us about subversive groups in Canada, about terrorist groups in Canada, and so on. We did not ask them each time where they got this information.

Mr. Broadbent: Each time? It only came up once!

Mr. Trudeau: We did not ask the police where they got the information about these terrorists. We did not say to them: Did you break the law in order to get it? Did you have to infiltrate a group?

Mr. Baldwin: You should have done!

Mr. Trudeau: I hear from the hon. member for Peace River that a prime minister should ask that kind of question.

Some hon. Members: Yes!

Mr. Broadbent: Only if you want to know the truth.

Mr. Trudeau: To this, I can only say two things. The first is that we on this side presume that the police are an honest group of people.

Some hon. Members: Hear, hear!

Mr. Trudeau: This does not mean they do not sometimes make mistakes. But when they do make mistakes and we discover them, for example, breaking the law, we report it to the Attorney General of the province where the act is suspected to have been committed. The second point is that if we on this side are to be urged by both opposition parties to begin monitoring the day by day operations of the police, asking them about their information, how they got it, who they got it from, we shall have secrets on a lot of Canadians and we will hear from the opposition that it is not the role of the government to involve itself in the political direction of the RCMP.

Some hon. Members: Hear, hear!

● (1432)

BREAK-IN AT L'AGENCE DE PRESSE LIBRE—LETTER DATED DECEMBER 19, 1972, FROM DIRECTOR OF SECURITY TO MINISTER

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the Prime Minister takes five minutes to make little speeches. I would simply remind him that the questions which have come from the official opposition and from ourselves are not about things in general, they are about this specific incident concerning the Parti Québécois. So your baloney is not going to kid anyone, Mr. Prime Minister.

I should like to ask a question on a related matter. The Prime Minister and the former Solicitor General, the present Minister of Consumer and Corporate Affairs, have maintained that they did not learn of the illegal entry into the offices of L'Agence de Presse Libre until March, 1976. Since I have learned that, according to an affidavit signed by the present Solicitor General on the twelfth of this month, a letter dated December 19, 1972 was sent by the director-general of the security service on the subject of the 1972 break-in to the present Minister of Consumer and Corporate Affairs, would the Prime Minister undertake to inform the House of the contents of this letter, at least as they pertain to that break-in?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the leader of the New Democratic Party, like the Leader of the Opposition, was complaining a moment ago that I was not in the House yesterday. Now, they are complaining that I am answering at too great a length, Mr. Speaker. The answer to this question will be given by the Solicitor General.

Some hon. Members: Hear, hear!

Hon. Francis Fox (Solicitor General): Mr. Speaker, I am indeed pleased to have the opportunity of responding to the specific question put by the leader of the New Democratic Party. It is my hope that in the months to come the members of the opposition will show as much morality in the pursuit of their parties' objectives as they expect from the police in the pursuit of national security. Perhaps the next time the members of the opposition receive stolen documents, Mr. Speaker, they will think in terms of returning them to the proper authority.

Mr. Speaker: Order, please. The Solicitor General might confine himself to the answer.

Mr. Clark: He has not done so yet.

Mr. Fox: Mr. Speaker, I should like to point out that the leader of the New Democratic Party, who has made a great deal about this letter since last night, captivating the attention of the people across the country and indicating that this letter contains material—

Some hon. Members: Order.

Mr. Speaker: If the Solicitor General has a response, will he make it forthwith.

Mr. Fox: Mr. Speaker, I should like to point out to the leader of the New Democratic Party that all the documents indicated in that affidavit will be made available to the McDonald commission of inquiry. I should like also to point out to the hon. member that the letter in question is not from Mr. Starnes to the Minister of Consumer and Corporate Affairs; rather it is a letter from the present director-general of the security service, General Dare, to the minister. There is a typographical error in the document: the document in question ought properly to be dated December, 1973 and it relates in no manner whatsoever to the break-in at the APLQ headquarters in October of 1972. Had the hon. member communicated with me this morning, Mr. Speaker, I would have been delighted to give him that particular piece of information.

[*Translation*]

ALLEGED PAYMENT OF WITNESSES FOR TESTIMONY—GOVERNMENT POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Solicitor General.

Could the Solicitor General indicate to the House whether it is common practice for the RCMP to pay out rather large amounts of money to witnesses who are to appear in court? In the affirmative, who is responsible for paying such amounts?

Hon. Francis Fox (Solicitor General): Mr. Speaker, it is not common practice for the RCMP to pay out money to witnesses who are to appear in courts. There are times, however, when we must relocate individuals in other parts of Canada whose lives are threatened because of their willingness to testify in the interest of the administration of justice, especially where organized crime is involved, and we must assume our responsibilities.

Mr. Caouette (Témiscamingue): I have a supplementary question, Mr. Speaker.

Could the Solicitor General indicate, in the case of individuals who are behind bars, the maximum amount which may be spent for protecting them?

Mr. Fox: If the hon. member has a precise case in mind, he should come out with it, Mr. Speaker.

Mr. Caouette (Témiscamingue): Mr. Speaker, I have a final supplementary question.

It is rather common practice, and I should like to ask the Solicitor General who paid out $25,000 to Frederic Thomas Ford, in British Columbia, and whether a promise was really made by the RCMP to pay out to him $60,000 to appear as a witness in court?

Mr. Fox: Mr. Speaker, no promise is ever made. As to the precise case the hon. member is referring to, I shall certainly make inquiry and report to him at a later date.

[*English*]

PARTI QUÉBÉCOIS BREAK-IN—REASON PRIME MINISTER DID NOT ASCERTAIN HOW MEMBERSHIP LISTS OBTAINED

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I should like to direct my questions to the right hon. Prime Minister. They relate to the matter brought up just a few moments ago by the hon. member for Oshawa-Whitby. I am sure that the Prime Minister realizes that while I am not attacking the credibility of what he is saying I certainly want to give him the opportunity at this point of improving on the credibility of what he just told the House a little while ago. I mean that fairly and most sincerely, Mr. Speaker.

My question is this: Last week he could not remember when exactly this conversation took place with his security people. He said it was either 1974 or 1975. He now tells us that the new mandate came out in March, 1975, so it was obviously prior to that, because it was as a result of the conversation that the new mandate came out. Would the Prime Minister tell the House just how the whole subject matter came up in relation to the so-called surveillance of the PQ, the matter that he was most surprised about? We are not talking about terrorism, we are not talking about an atom bomb in the middle of a city—

Mr. Speaker: Order, please.

Mr. Lawrence: Mr. Speaker, I am putting my question to the Prime Minister.

Mr. Speaker: The question has been put.

Some hon. Members: Sit down.

Mr. Lawrence: My question is, when he was so surprised about this particular matter, did he not ask them what form that surveillance was taking, how they obtained the information that they had, and what was the result of that surveillance? Was it not in the form of lists?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in the course of contacts between the security service, cabinet and myself, particularly since the events of October 1970, when there had been terrorism, murder and kidnapping, we directed the RCMP—and I believe this was the will of the House—to pay a little more attention to internal subversion caused by ideological sources in Canada and not only concentrate on externally sponsored types of subversion.

It then became obvious that one of the groups they were going to look at was one composed of those who were trying to break this country, separate it, and who had been using force in order to do it. There was a great deal of indignation on the part of members opposite, and indeed many people across the country, because at the time of the October, 1970, events, the police had to throw a very wide net indeed and arrest many people who were apparently guilty of nothing because the police were misinformed. They did not have inside information on the terrorists, those who had kidnapped Mr. Cross and Mr. Laporte. So obviously we told them—we did not have to tell them because they would have done it by themselves—to concentrate a little more on this threat. So I suppose that as a result of that they began infiltrating the FLQ and they began trying to get more information on those who would destroy the country by force, whether they be in Quebec or in other parts of the country.

● (1442)

Mr. Clark: The Parti Québécois?

Mr. Trudeau: I repeat, Mr. Speaker, it was not my objective, and it is not still today, to ask the police how they went about getting information. I would bet my bottom dollar that it was not the practice of the right hon. member for Prince Albert when he was prime minister to intervene in the day to day operations of the security service. They came to us with information. If it was relevant to the security of the state, we tried to take action on it. I never made a practice of asking where they got their information and I shall not begin that

practice, unless indeed the House believes that this should be the new orientation, the new dispensation of governments now that they should have the politicians second guess the police, they should have the politicians looking at the files that the police gather and saying, "you can get the information this way but don't do it that way and don't look into so and so because he is my friend". I think we would be blamed by the opposition if this were the political role played by the politicians. We have not played it and we do not intend to do it.

Some hon. Members: Hear, hear!

Mr. Lawrence: My supplementary question to the Prime Minister is as follows. The Prime Minister was shocked because this was not the FLQ, the terrorists or the bombers, this was the Parti Québécois. He himself was shocked and he said, "gee, don't do that". Well, surely under those circumstances it occurred to the Prime Minister, not in relation to a criminal activity but in regard to a political activity because this was political surveillance, to ask them what they were doing, how they were doing it and where they got their information. Surely, that occurred to the Prime Minister.

Some hon. Members: Hear, hear!

Mr. Trudeau: This is a curious doctrine indeed, Mr. Speaker. I believe the hon. gentleman, who was at one time attorney general of Ontario, is now putting forth the doctrine that when the police get information on terrorists—

An hon. Member: No, security.

Mr. Trudeau: —there should be no political interference.

Some hon. Members: Oh, oh!

An hon. Member: That is damn nonsense.

Mr. Trudeau: I am trying to follow the trend of thought of the former attorney general of Ontario. What he is saying is that when they have exercised surveillance of a legitimate democratic party, then you, Mr. Politician, you, leader of the Liberal party, should try to get at that information.

Some hon. Members: Nonsense.

Mr. Trudeau: He is telling me that in the case of political surveillance—and I believe this was the burden of the argument of the leader of the NDP—in the case of surveillance of a political party, I should have made it my business to know more about what they found out and how they found it out. That is an absurd doctrine.

Some hon. Members: Hear, hear!

REQUEST FOR ASSURANCE INFORMATION OBTAINED BY SECURITY SERVICE NOT DISTRIBUTED TO GOVERNMENT MEMBERS

Mr. Allan Lawrence (Northumberland-Durham): I am afraid the Prime Minister has not increased his credibility as far as I am concerned—

Some hon. Members: Hear, hear!

Mr. Lawrence: —because there are members of his own cabinet who have boasted of having membership lists in the province of Quebec.

Some hon. Members: Oh, oh!

An hon. Member: Who?

Mr. Lawrence: The Minister of State for Urban Affairs has indicated that he has a list of the known separatists in the province of Quebec.

Would the Prime Minister assure me and the House now, if he can, that there has been no passage, no transfer of any of that information gathered by the security officers, not necessarily the RCMP but the security officers of this government, to members of his government who have then later used it for strictly political purposes?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the question is so preposterous that I do not know if it is worth trying to answer it.

An hon. Member: Give it a shot anyway, Pierre.

An hon. Member: Try it.

Mr. Trudeau: Maybe I will take a shot at it, Mr. Speaker.

An hon. Member: Good.

Mr. Trudeau: The simple answer is that no such list was in the hands of the Minister of State for Urban Affairs.

An hon. Member: Wherever he may be.

Mr. Trudeau: He never said he had any such list, nor did any other minister say he had such a list. I can tell you one thing, that if one wants to know the names of the members of the PQ or of those who sympathize with the PQ, one does not have to go to the RCMP. I would not have to go to the RCMP. The subscription lists of those parties are public; you just have to get the official documents and see who is interested in the PQ and you can read the list there. There is no point in suspecting that there is great skulduggery in getting the list. I repeat, the hon. member opposite could probably get a list of the members of my party in any constituency.

An hon. Member: It is a diminishing list.

Mr. Trudeau: I can tell you, Mr. Speaker, that in Alberta, where I was the day before yesterday, the list of those who still believe in the Leader of the Opposition is very short.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

SURVEILLANCE OF PARTI QUÉBÉCOIS—ALLEGED DISCREPANCY IN DATE WHEN PRIME MINISTER ISSUED ORDERS TO STOP

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Prime Minister now that I can be heard. At the Prime Minister's press conference on October 28 he was asked if it was last week that he told the police to stop looking at the PQ. The Prime Minister said, "no" and then he went on to explain:

It's back in '73 or '74 that I said "stop looking into the PQ".

My question is based on the letter which the Prime Minister mentioned a moment ago from General Dare to Colonel Bourne, dated February, 1976 wherein General Dare wrote to Colonel Bourne:

Please refer to my letter dated 13 June, 1975 advising that the Prime Minister has issued certain guidelines reiterating the security services inquiries with regard to the Parti Québécois.

Can the Prime Minister explain that discrepancy in dates?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, I guess I can explain that if I said 1973 or 1974, and earlier today I said 1974 or 1975—

An hon. Member: It is a typographical error.

Mr. Trudeau: —I do not remember exactly the date when I saw the RCMP. I told the House that if it were relevant to the discussion, I would try to obtain it. I am sure the RCMP must have in their records a date on which the discussion took place, and I will undertake to give it to the House.

● (1452)

On the matter of the letter quoted by the hon. member for Yukon, if my memory is correct—and it may not be correct on that again—it was people on the other side of the House who were objecting at the time because we were not exercising sufficient surveillance of the PQ. Now, obviously they are complaining about the contrary.

Some hon. Members: Hear, hear!

REASON FOR DELAY IN IMPLEMENTING INSTRUCTION TO STOP SURVEILLANCE OF PARTI QUÉBÉCOIS

Mr. Erik Nielsen (Yukon): I think it becomes important that the Prime Minister present that date because it makes a difference as to when the instruction was issued to General Dare. However, there is an even more serious delay here. The letter was dated February of 1976, and it refers to a discussion between the Prime Minister and General Dare in mid-1975. General Dare apparently acted on the Prime Minister's instructions some eight months after he received them. Did the Prime Minister follow up on his instructions to General Dare to see if they were carried out? Can he tell us now why they were not carried out with more alacrity?

[Mr. Trudeau.]

Right Hon. P. E. Trudeau (Prime Minister): This was discussed in some detail in the House when the matter of the leaked letter was discussed last session. I indicated at the time that this directive was based on an understanding that General Dare had formed at a cabinet discussion which he attended. There was a record of the decision of that cabinet discussion stating precisely the guidelines that the Solicitor General made public in the House on Friday. I repeat that these guidelines were issued as a result of information we had had previously—how many months previously I cannot remember and I cannot say, but it was information we had previously about the RCMP exercising surveillance of a political party. As soon as we heard that, we said "stop".

Then they asked, "Well, what is our mandate? If we can't exercise surveillance on political parties, what is our mandate?" I said, "Do you have a mandate? Have you one from the previous government?" It appeared there was no precise directive to the police. At that point in cabinet we went about writing a precise directive. I suppose it may have taken a matter of weeks or months before we got it into shape. It was communicated to the police in March, 1975. I believe that is the date. It was the result, I repeat, of—as far as I know—the first time the Government of Canada deciding that the security service needed some political control in a general sense and that they had to be given some general guidelines. Otherwise, they would be victims of the kind of innuendo we have been hearing from the other side in the past few days.

Some hon. Members: Hear, hear!

Mr. Nielsen: Mr. Speaker, because of the importance of the matter will the Prime Minister undertake to table the document "The Role, Tasks and Methods of the RCMP Security Service" as well as cabinet directive 35, which was the instrument giving effect to the cabinet decision on security policy announced in the House by the then Prime Minister on October 25, 1963?

Mr. Trudeau: Does that complete the list of documents of cabinet that the hon. member for Yukon would like to have?

Some hon. Members: Oh, oh!

REASON CABINET COMMITTEE UNAWARE OF ALLEGED ILLEGAL ACTIVITIES—DIRECTIONS GIVEN SECURITY SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Prime Minister. I find it strange that since last Friday, during all of the discussions which have taken place in this House, the Prime Minister has not yet clarified the exact role of the cabinet committee which he chairs—and has chaired since becoming Prime Minister—on security and intelligence. I wonder if he can indicate how it was that so much activity could take place beneath this cabinet committee of which this committee was apparently unaware until some years after the incidents took place and whether we are supposed to believe that following the events of 1970, which the Prime Minister at the time described "an apprehended

insurrection", there were no new instructions given to the security forces on which they thereupon acted, not an isolated incident but a series of events which are now being reported almost daily.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I answered earlier that after the events of October, 1970 we obviously did have meetings with the security branch of the RCMP, and we indicated to that branch that we would appreciate it very much indeed if it would concentrate a little bit more on getting information on the security side about those within Canada who might resort to illegal acts in order to break up our democratic country. Therefore, there were these meetings. We met with the police periodically. I could not give the exact number of times or the dates. We met with them to receive information from them about different groups which had to be put under surveillance. We met to give the police directives of a general nature, that they should perhaps be operating more in this direction or that direction. Very often these meetings were meant to brief us on specific people they had detected exchanging official secrets, and that resulted, as I said earlier, in the declaration of those particular persons to be *persona non grata* in Canada.

There was a whole series of meetings, the purpose of which was to receive from the security service information and to convey to it in general terms the desires of the cabinet of the day and its general directions so that the police in a sense could be controlled and told what areas they should be more particularly concerned about. This whole area is, once again, where we are constantly faced with the dilemma of how far a security service must go while at the same time respecting the rights of the individual and ensuring the security of the state. It is a dilemma that any police force faces. I see that the Leader of the Opposition is shaking his head. I am sure he could face the dilemma with a great deal of ease.

Mr. Clark: I am incredulous.

Mr. Trudeau: I have invited him, as I invited his predecessor, if he wants to be party to these security briefings, to be party to them. I have written to that effect, and I wrote to his predecessor in office to that effect.

Mr. Clark: Not to those briefings.

Mr. Baker (Grenville-Carleton): That is a distortion; you have not.

Mr. Clark: I am sure you would want to set the record straight.

Mr. Lawrence: You surely do need help.

Some hon. Members: Oh, oh!

Mr. Trudeau: The record is quite straight. I wrote to the Leader of the Opposition telling him that if he wanted to be party to security briefings by our security service, we would very gladly arrange such briefings.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Mr. Speaker, the Prime Minister seems either unwilling or unable to clarify his responsibility in the cabinet committee on security and intelligence. I wonder if he can indicate whether in the enumeration of these investigations or in the work that was to be carried out following the events of the fall of 1970 any distinction was drawn between associations, groups or political parties which might have views different from those of the Prime Minister and his government and those who were prepared to resort to violence and whether there was any requirement established or any direction given with respect to what would be proper in terms of investigation proceedings, because what we are dealing with here is not investigation but in effect new forms of illegal acts, if not some kind of counter-subversion, on behalf of the security forces.

Mr. Trudeau: That seems to be a repetition of the same question about directives. I repeat that the directives were to find out more about those within Canada who for ideological reasons would destroy this country. Those were the directives, and they were followed as best they could be followed by a police force which sometimes makes mistakes, but which basically has helped this country a great deal in the past and will in the future.

Some hon. Members: Hear, hear!

BASIS ON WHICH SECURITY OPERATIONS CONDUCTED— INQUIRY AS TO PRIME MINISTER'S POSITION

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I would like to ask the Prime Minister whether I am to understand that he is today rejecting the doctrine that the then solicitor general quoted in the House, with approval, when he was establishing the security and research planning group on September 21, 1971 when he quoted the following:

> I am sure that members of parliament accept the necessity that much of the security operation is conducted outside our purview. What would be cause for grave concern would be any thought that much of the operation is beyond the ken of the ministry or the Prime Minister; that there are not ministers, elective and responsible members of government to whom the entire security operation is an open book, who have continuing access to everything that is going on in that area, and who give proper, responsible, political, civilian direction to the operation on a continuing basis.

● (1502)

That is the basis on which the then Solicitor General presented that organization to us in 1971. Am I correct in understanding that the Prime Minister is now rejecting that document?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member for Halifax has read a long quotation which I understand is from the then solicitor general.

Mr. Stanfield: Quoting me.

Mr. Trudeau: Mr. Speaker, there is a quotation of the hon. member for Halifax by the then solicitor general. It is a long one and I cannot say in totality if I—

Miss MacDonald: You cannot understand it.

Mr. Trudeau: I am sorry. I am not as bright as the hon. lady from Kingston.

Some hon. Members: D'accord.

An hon. Member: Not as bright as Goyer.

Mr. Trudeau: The hon. member for Halifax has quoted himself as enunciating some doctrine that the Solicitor General should be informed of every aspect of security. He says no. Would he read it again? We will take time to hear it.

An hon. Member: You are not the Speaker.

Mr. Stanfield: Mr. Speaker, I will read it slowly for the Prime Minister.

An hon. Member: You could not read it fast anyhow.

Mr. Stanfield: Mr. Speaker, the Solicitor General was quoting a comment I made at the time the Mackenzie report was tabled in the House. Following a statement the Solicitor General quoted this, with approval:

> I am sure that members of parliament accept the necessity that much of the security operation is conducted outside our purview.

That is, members of parliament, Mr. Speaker.

> What would be cause for grave concern would be any thought that much of the operation is beyond the ken of the ministry or the Prime Minister; that there are not ministers, elective and responsible members of government to whom the entire security operation is an open book, who have continuing access to everything that is going on in that area, and who give proper, responsible, political, civilian direction to the operation on a continuing basis.

Mr. Trudeau: Mr. Speaker, the continuing direction is obviously part of our doctrine and our policy. I have repeated earlier that that continuing direction was incorporated in its last form in the directives of March, 1975, so obviously we should believe in continuing direction by the civilian side of the security services, as indeed in any other arm of government.

I am a little bit dubious of the context in which the hon. member says that the operations should be an open book, if I am quoting him correctly. If he means the day-to-day operations—the hon. member for Halifax shakes his head, no. Then we do agree. If he means that all the RCMP know and what is in all their files—if the implication was that we should know about it, in other words, that we should know all the secrets about this country that the RCMP knows, then our answer to that is, that is not our policy. It does exist in some countries but it is not our policy.

Some hon. Members: Hear, hear!

Mr. Trudeau: We in this government, and I believe it was the case with previous governments, have removed ourselves from the day-to-day operations of the security services. Indeed, we have done it from the operations of the police on the criminal side. We just make sure that the general directives are those which issue from the government and the example of that kind of directive was given in the guidelines of March, 1975.

[Miss MacDonald.]

Mr. Stanfield: A final supplementary question, Mr. Speaker. Does the Prime Minister not agree that this doctrine, approved by the Solicitor General of the day, certainly included the scope of security operations? Will the Prime Minister not agree that the failure of the government to check whether, in carrying out the mandate given to the security operations by the government whether or not they were investigating a democratic political party, was a breach of this responsibility and was a tremendous disaster for confederation?

Mr. Trudeau: Of course, Mr. Speaker, the "scope and mandate"—the words used by the hon. member for Halifax—should be under the purview of the government of the day. Indeed, this was the purpose of these security briefings of which I was a member and which other ministers and I attended. In that sense the mandate, the scope, the areas that the police were looking into to protect the security of the country, were all of concern to us and indeed of periodic reporting and discussion with us by the security services. I repeat, we did not know every day-to-day operation.

An hon. Member: You did not care to know.

Mr. Trudeau: We did hear at one point that they were investigating a democratic party. As soon as we heard it we asked them to stop that. That seems perfectly straightforward. What seems to have caught the imagination of the House is the fact that a political party was under surveillance by the security services.

An hon. Member: More than that; a criminal act.

Mr. Trudeau: Also, that this surveillance was exercised by way of criminal action—alleged criminal action. Mr. Speaker, to these two points we have responded; in the case of the alleged criminal action, by referring the matter to the Attorney General of the province where the act was committed and as regards the surveillance of a political party, by asking that it be stopped. What could be more clear or definite than that?

* * *

PRIVILEGE

MR. CLARK—BRIEFINGS OF SECURITY COMMITTEE OF PRIVY COUNCIL

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege simply to allow the Prime Minister the opportunity to correct a false impression which he gave, I am sure most inadvertently. He had been referring to regular briefings of the security committee of the Privy Council, of which he is the chairman, by the security services to the government of Canada. He had referred quite explicitly to those briefings, and he said in reference to the offer that he made to me that I had been invited to take part in those briefings. I am sure the Prime Minister will agree that is not the nature of the offer that was extended to me as Leader of

the Opposition. I will quote from his letter, which reads in part:

Perhaps it is appropriate at this time—

Mr. Speaker, I emphasize "at this time". This letter was received in my office on October 18.

—to extend an invitation to you, as Leader of the Opposition, to attend a briefing that could be arranged at your convenience.

Some hon. Members: Oh, oh!

Mr. Clark: There is a difference between a briefing and regular briefings. There is also a very clear difference, which this Prime Minister appears unwilling to accept, between briefings and responsibility, including the responsibility to ask questions about methods and about potential illegalities.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the paragraph read by the Leader of the Opposition referred to practices in the United Kingdom and other countries where a practice has been developed of briefing the opposition from time to time on matters relating to national security. It was, I agree, only on October 18 that I made it quite clear that I had made the same offer to the previous leader of the opposition, as I am sure Mr. Pearson had made it to Mr. Diefenbaker, and probably Mr. Diefenbaker to Mr. Pearson.

The Leader of the Opposition has not yet had time to decide whether he wants such briefings or not. He has certainly not answered my letter, but he has told us today—he was probably too busy travelling.

Mr. Clark: I will reply before 18 months, Prime Minister.

Mr. Trudeau: He told us today, with great emphasis, that he did not consider it sufficient to attend "a" briefing. That is his emphasis. If he wants more than "a" briefing; if he wants some briefings, if he wants them in different form than have traditionally been accorded the leader of the opposition, let him say so and let him answer my letter. Let him tell us what kinds of briefings he wants, and we will see if they can be given.

An hon. Member: Oh, sit down; don't waste time.

Mr. Trudeau: I can tell the Leader of the Opposition that if he thinks that in those briefings he will be able to ask members how they get information, who they get it from, and in which way, he will not get that information unless the law of the country is changed and the practices of time immemorial in this House are changed.

● (1512)

MR. BROADBENT—ALLEGED MISLEADING OF HOUSE IN ANSWER GIVEN BY SOLICITOR GENERAL

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a most serious question of privilege. In reply to a question put to the Prime Minister, the Solicitor General thinks that he has put to rest a matter which raises the integrity of the government. I want to say at the outset, on this serious question of privilege, that I want to deal with the points he raised, because he misled the House. Rather than solving or putting aside a certain problem, in my view, he has made it even more serious.

I put this point seriously and I believe it needs to be commented upon. The minister began by saying that morality plays a role in politics. I agree with him. It is for this reason that when I first learned of the alleged contents of the affidavit within two hours I phoned his colleague, the former solicitor general, the Minister of Consumer and Corporate Affairs, and told him that I had been given this serious information.

At that time I asked him if it was true. He said that he did not think so. Also, he indicated that he would look into it. At the same time, I repeated the phone calls to that minister because his integrity is under question here: I do not put it any more strongly than that. Yesterday morning I phoned him twice to see if I could receive an answer, and no call came back.

An hon. Member: Which minister?

Mr. Broadbent: The former solicitor general.

Some hon. Members: Oh, oh!

Mr. Broadbent: Then I raised it as a serious question by asking the present minister to investigate it. He did not reply to me. I waited two hours this morning for a reply, and none was forthcoming. So he raises the question of morality on the issue. I come now to the substance of the issue.

An hon. Member: It is about time.

Mr. Broadbent: The minister has said that the affidavit, a legal document over his signature, residing with the Quebec inquiry contains a significant typographical error. I should like to point out that it took a question by us in the House of Commons to elicit the information that that very significant error, on which the Quebec inquiry is basing part of its judgment, has come to light. Would it have come to light if it had not been pursued in the House of Commons? I know not, because it was a document that the minister said was not going to be made available to the inquiry. That was a careless mistake. It did not originate from this side of the House; once again, it was from the other side of the House.

There were issues raised in the changing of the date from 1972 to 1973 which do not in one whit cancel the problem. I remind the minister that the Prime Minister and the former solicitor general are on record as saying that no such correspondence on the question of the break-in exists. As reported at page 6793 of *Hansard* dated June 17, 1977, the present Solicitor General is quoted as saying the following:

Our files and those of the RCMP contain no written report on the unlawful entry to the solicitor general.

An hon. Member: Pardon?

Mr. Broadbent: Well, you can look it up.

Some hon. Members: Oh, oh!

Mr. Broadbent: All right, I will read it again. It is a quotation from the Solicitor General which occurred on January 17, 1977.

Some hon. Members: June.

Mr. Broadbent: I am sorry, June.

Some hon. Members: Oh, oh!

An hon. Member: That is the same type of mistake.

Mr. Broadbent: It reads as follows:

Our files and those of the RCMP contain no written report on the unlawful entry to the solicitor general.

The document in question, annexed to the minister's own affidavit—

Mr. Knowles (Winnipeg North Centre): Sworn to.

Mr. Broadbent: —sworn to by himself, is a list of material which, according to paragraph 5 of the affidavit, pertains directly to the break-in of L'Agence de Presse Libre du Québec in the fall of 1972. The minister cannot have it both ways. Earlier in the question period he said that the document I referred to in my question—because I was basing it on his published information—did not pertain to the break-in.

Unless he has committed another incomprehensible error, he said in his own affidavit that all the documents listed on the last page pertain to the break-in. Unless he is going to correct that error, I take it for granted that his sworn statement holds. The document which he thinks if significantly different, because the date changes from 1972 to 1973, does not convince me.

I should like to come to the reason for that. As I have said, the Prime Minister, the present Solicitor General and the former solicitor general, now the Minister of Consumer and Corporate Affairs, said that they did not find out anything about this break-in until 1976. If the date changes from 1972 to 1973, how significant is that change?

Mr. Baker (Grenville-Carleton): What is the difference?

Mr. Broadbent: It is still 2½ years ahead of the time the Prime Minister and other members of the cabinet claim they knew anything about the break-in.

An hon. Member: So?

Mr. Broadbent: If the letter which, according to the affidavit, pertains to the break-in, and if it was written by General Dare, we know from earlier testimony that General Dare was fully cognizant of the events and fully cognizant of the break-in which took place in the fall of 1972. One would conclude that when he is writing on the subject of a break-in, he is writing to provide some information about the break-in to the Solicitor General.

On behalf of all members of the House and the people of Canada who are concerned about the integrity of the government, I should like to indicate that all I want is the information contained in that letter. It seems to me that it is very germane and it is hardly irresponsible. In fact, I would say it is a responsible course of action.

[Mr. Broadbent.]

Some hon. Members: Hear, hear!

Hon. Francis Fox (Solicitor General): Mr. Speaker, as I have stated previously in the House, all the documents in question which are indicated in the annex referred to by the leader of the New Democratic Party, will be made available to the royal commission of inquiry set up by this government last July.

Some hon. Members: Oh, oh!

Mr. Fox: For that matter, it is very difficult to conclude that there has been any effort whatsoever at a cover-up. If that matter relates to a break-in or relates to information concerning knowledge brought to the attention of the minister, it will be brought to the attention of the royal commission. I have stated that a number of time in the House.

When the hon. member raised the question for the first time yesterday, I had the opportunity of speaking with him, and he told me that it related to a document which had been produced in Montreal under document number P. 26 tabled before the royal commission of inquiry. I was advised immediately by my own attorney who had appeared before that commission that document No. P. 26 refers to a letter which was written by the executive assistant, or the special assistant, to the then solicitor general and addressed to Mr. Jacques Hébert who was associated with L'Agence de Presse Libre du Québec. It is a public document which is presently before the commission.

Then the hon. member raised a question concerning the document dated December 19, 1972. I caused an immediate search to be made of our files, and we could not come up with a document of that date.

Mr. Broadbent: Why did you not call me back?

Mr. Fox: If one wants to go through a matter carefully, it takes some time to come up with the facts. This morning I looked through the documents enclosed in an envelope. They pertained to the affidavit which I filed with the commission in Montreal. I discovered that there is a letter annexed to a note numbered D926-152D22. It is a letter from Mr. Dare to the present Minister of Consumer and Corporate Affairs in December of 1973, and not 1972. The matter was excluded from the examination of the commission of inquiry because it did not refer to any illegal act whatsoever committed by the RCMP.

● (1522)

Even given that, Mr. Speaker, I am still willing to make the matter fully available to the McDonald royal commission of inquiry in order that they may satisfy themselves that that is indeed the case.

Mr. Broadbent: Table the letter.

Mr. Speaker: The question raised by the hon. member for Oshawa-Whitby under the heading of a question of privilege has been contributed to equally by the Solicitor General. It has reduced itself to a disagreement between the two members on the interpretation both of answers given and the documents in question. It is not a question of privilege.

MR. WOOLLIAMS—AFFIDAVIT OF SOLICITOR GENERAL

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise on the same subject with reference to the affidavit sworn to on October 12, 1977, by the Solicitor General and sworn to, as commissioner of oaths, the notary public, Mr. Goyer. In the letter in question, which is dated in this document December 19, 1972, it was not made clear whether there was a mistake in the date of the letter or the date as typed in the affidavit.

Under the circumstances, having listened to the Leader of the New Democratic Party and to the Solicitor General, I rose several times in my place this afternoon to ask a question with reference to that matter. I think it would be fair to the House, since we referred to it—and he is prepared to produce it in other proceedings, and as this is the highest court in the land—he should come clean and table the letter in this House of Commons so we can all see it.

MRS. HOLT—INABILITY TO BE RECOGNIZED BY CHAIR

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is one of personal privilege, in that I have been prevented from doing my job in this House on behalf of the constituents of Vancouver-Kingsway. For two weeks I have risen in my place to participate in the question period in order to ask—

Some hon. Members: Order.

Mr. Speaker: Order, please. The matter of recognition of any member during the question period is the responsibility entirely of the Chair and, it seems to me, in no case gives rise to a question of privilege.

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

TABLING OF REPORT ON CANADIAN EGG MARKETING AGENCY

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, under Standing Order 42 I wish to table, in both languages, a report on the Canadian Egg Marketing Agency prepared by C. M. Ross and Partners, dated July, 1977.

Rail Service

TRANSPORT

STATEMENT ON RAIL SERVICE

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, in our desire to improve rail passenger service in Canada and give VIA Rail an opportunity to do so, we have decided to arrange the purchase of ten trains for passenger service rather than a smaller number which had been considered. This new equipment, to consist of 22 locomotives and 50 coaches at a cost of about $90 million, will be purchased jointly by the federal government and VIA Rail. Negotiations are now being finalized with Bombardier-MLW for the equipment related aspects of the program and it is hoped that a contract with them will be signed shortly.

This is the first major purchase of Canadian rail passenger equipment in more than a decade. These new trains will greatly assist VIA in providing modern, attractive and economical rail passenger service throughout this country. Several of these trains will be put into service in 1980 as part of a new high-quality rail passenger service between Quebec City and Montreal. The remaining trains will be used by VIA in the introduction of conveniently scheduled, fast, intercity trains across Canada to complement an upgraded transcontinental service, and will therefore be available to VIA for western Canada and the maritimes as well.

This equipment is a result of a tender call by Transport Canada for new rail passenger equipment on July 4, 1976. On February 1, 1977, four companies submitted bids. A thorough and extensive evaluation of these bids was undertaken jointly by senior officials from CN, CP, and the government. The choice of train was not based solely on price or delivery date; we also assessed the total expected cost over the life of the equipment, its revenue-generating capability, advancements in design such as speed capability, the firm's manufacturing expertise, the possible export potential, and Canadian content of the bid. Service improvements made possible with these trains should generate savings which more than offset their cost.

The LRC—light, rapid, comfortable—trains are the result of a high degree of Canadian technology and development. Alcan Canada Products Limited and Dominion Foundries and Steel Limited, co-developers of the LRC, will be major suppliers to Bombardier-MLW. They feature tilting body coaches which permit higher operating speeds on existing track and thereby eliminate extensive track improvements. They are designed to achieve potential speeds up to 125 miles per hour on intercity service, and contain electronic sensors and hydraulic cylinders to bank the coaches on track curves.

The new equipment will feature the attractive, modern interiors commissioned by Transport Canada last year as a result of an international design competition. Jacques Guillon Designers, of Montreal, produced interiors that are both flexible to the changing needs of rail passenger transportation and include features such as facilities for handicapped travellers.

The federal government will pay $24 million, and VIA the balance, for locomotives, cars, spares, maintenance and test

equipment, the construction of which will create approximately 1,500 man-years of work spread out over a three-year period.

Some hon. Members: Hear, hear!

Mr. Lang: Therefore, Mr. Speaker, this initiative by the federal government is not just of benefit to the future of railway passenger transportation in this country, but will have a positive effect on employment as well. This is but one of a number of steps which have been taken since the announcement in January, 1976, of our new rail passenger policy, and certainly the new equipment, efficient and attractive, will help VIA in the improvement of rail passenger service in this country. The creation of VIA itself was a major step in this regard and, of course, the final plan of the CTC which was one of the ongoing steps outlining the kinds of rail passenger service which should exist in Canada over time.

This announcement carries out the fifth recommendation of ten of the Canadian Transport Commission in their report, in that it will be providing the new equipment which will be efficient and attractive and allow for better service in this country. I believe the Canadian Transport Commission did a very good job in this report. With its flexibility and the scheme it has laid out, it will allow VIA to get on with the vigorous job of improving rail passenger service in this country. I very much believe, as does the government, in the future of rail passenger service and the need to attract passengers to the trains, as well as the complementary use of buses and the fact that trains must be run sensibly and efficiently and not in a way to interfere with the development of better bus service.

I am delighted that in the House today, watching these proceedings, is Mr. Frank Roberts, the new president of VIA Rail Canada. He is vigorous and enthusiastic, and I am sure he will lead VIA Rail in the development of a better rail passenger service in this country. I would ask that all members join me in wishing him well in this great work.

Some hon. Members: Hear, hear!

Mr. Don Mazankowski (Vegreville): Mr. Speaker, naturally we on this side of the House welcome the statement made by the minister this afternoon. If we are going to upgrade and rejuvenate rail passenger service in this country, we certainly require suitable and satisfactory equipment. The minister indicated this new equipment is designed to achieve potential speeds of up to 125 miles an hour. While that is not quite as fast as government jets, we hope that cabinet ministers will seize upon the opportunity to use this high-speed ground transportation when it becomes effective to replace some of the inordinate use of government jets which has plagued this country. I am sure that would meet the approval of many members of the House and, indeed, the public at large.

This is another in a series of announcements of intent by the government. We have had many. The minister seems to seize very readily upon these announcements in an attempt to achieve maximum political benefit. These many statements of intent really amount to a stalling procedure in the expeditious development of the Windsor-Quebec corridor. When speaking of intent, we on this side of the House, and Canadians in general, are well aware of the lofty promises made in the 1974 election campaign with regard to the expenditure of vast amounts of money, particularly on the urban transportation system. I believe something in the order of $290 million was promised at that time for urban transportation.

● (1532)

When I speak of attempts by the minister to maximize political benefit from these announcements, I am reminded of the fact that almost every time the minister goes out west for a meeting he talks about the $100 million he has announced on a dozen occasions for the purpose of upgrading western rail services. It is not that we do not appreciate it, but there are limitations upon the number of times we should be hearing these words. I was talking about the western rail system. I realize most of the money is being spent on upgrading the transportation system for the movement of grain, but it is still all part of the western rail transportation system. It is interesting that Mr. Hall should have recommended expenditures in the order of $450 million.

We also remember the 1975 announcement, repeated and reaffirmed in 1976, which called for the expenditure of $100 million over five years to purchase rail commuter equipment. Just last week it seemed this program had been scuttled. It had never really been implemented. The minister talked about the reorganization of this program. He hijacked $130 million from the railway relocation and crossings program and another $100 million from the commuter services program, and all this has not gone down well into the provinces. The fact is that no new funds have really been made available for the program. Yet the original announcement was greeted with much fanfare, although it has turned out to be, once again, merely an announcement of intent not followed by action.

When we review the history of the commitments made in connection with the Quebec-Windsor corridor, we find that the first announcement was made back in May of 1976. At that time some $30 million was to be provided by way of a grant. By December of 1976 it was elicited, in reply to questions in the House, that construction was to begin by the spring of 1977. By that time no action had been taken.

On May 25, in response to the hon. member for Dartmouth-Halifax East, the minister stated that decisions on tenders would be taken by the end of the summer, but up to that time nothing had been done. Now comes the announcement that the government is committing $24 million toward the purchase of $90 million worth of equipment. I am not sure whether this $24 million is part of the original $30 million which was allocated, nor am I sure where the other $66 million will come from. Will VIA Canada have to generate that sum from its own resources, or will it be provided in the estimates? The minister may be able to clear up this question later.

Our party is naturally committed to supporting and improving rail passenger service in this country. It is timely to take such an approach, and there is no question there is wide public

support for expansion and improvement of service. In terms of energy conservation, the expansion and improvement of rail passenger service is not only an integral element in the fight for energy conservation, but it is vital.

At the present time, approximately 85 per cent of our intercity travel is conducted by passenger car. The passenger car provides an average of 140 passenger miles for every gallon of fuel consumed. The airplane provides some 70 passenger miles for every gallon of fuel consumed. The bus provides some 500 passenger miles, on average, for every gallon consumed. But the rail passenger train provides 1,000 passenger miles for every gallon of fuel consumed. So rail passenger service clearly rates very high from the point of view of fuel conservation and moving large numbers of people in intercity travel.

We hear a lot these days about the subsidies which are being paid out to the railways, but at the same time it should be noted that railway users cover the cost of the service very well. About 74 per cent of actual rail costs are covered by the users of the service. In the case of highway travel, 54 per cent of the cost is covered by the users. In the case of aviation, only 31 per cent of the cost is covered by users; and in the case of marine movement, only 19 per cent is covered.

So while there have been protests about the huge amounts of money paid to the railways by way of subsidies, we should bear in mind that the whole question needs to be placed in perspective. If we are providing expensive airport facilities at the cost of taxpayers, while the railways provide their own infrastructure at their own expense, there is obviously a differential involved.

I say, once again, that we welcome this announcement. I might add that we would appreciate it if in future the minister, in his announcements, were a little less political and a little more forthright.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, for those of us who have watched with despair the preoccupation of the minister and his department with air travel, while almost completely ignoring the advantage of passenger-rail service in terms of comfort and pure efficiency, this announcement is a welcome one. It would, obviously, be impossible to provide fast, comfortable rail passenger service without new and modern railway engines and passenger cars.

To the extent that this announcement means we are moving to eliminate past and present inadequacies, we in our party approve. But new equipment will not, in itself, provide the kind of service which is needed and which is now available in Japan and in most of the western European countries. Before we can look forward to service of this kind, a major improvement in track and elimination of the level crossings which still exist in large numbers must take place. Otherwise, the new equipment, capable—as the minister says—of speeds up to 125 miles per hour, will only be able to operate at a fraction of its capability. Also, there is no indication from the minister that he plans to make any major improvements in the track system or to eliminate level crossings.

In the second place, there can be no fast service for passengers if preference continues to be given by the railways to freight trains over passenger trains. Either the set of priorities which is followed at the present time must be turned around to give preference to passenger trains, or we must proceed with a large-scale program of double-tracking. There is no point having a train which can travel at 125 miles an hour if it sits for half an hour or more on a siding while a 150 car freight train is given the right of way.

● (1542)

Not only are the changes which I have listed required. It is really impossible to provide better service if we decide, as we have, on the recommendation of the minister, to cut the number of transcontinental trains in half. This, we believe, was a mistake. However, the mistake having been made, we hope the government will keep in mind the recommendations of the Canadian Transport Commission, that an extensive promotional and educational campaign explaining the new services will be directed to the public, and that steps will be taken to ensure that we have the equipment to meet the demand which will increase as service improves. Without the ability to meet that demand for rail service, the public will again come to believe, as they have with plenty of justification up to now, that the railway system is not equipped to meet their needs and will be looking for alternate methods of transportation, be it by bus, air or private passenger car—modes which have been increasing in recent years.

So to the extent that this is a step in the right direction, Mr. Speaker, we welcome it. But we see it as only the first step; many more steps are required.

Mr. Jones: Mr. Speaker, I should like to comment on the announcement made by the Minister of Transport. I think we have all been waiting for this announcement for a long time.

Mr. Deputy Speaker: Order, please. I want to remind the hon. member that I recognized him, not as leader of a recognized party authorized to comment as other representatives of parties do under our Standing Orders. I recognized him for the purpose of asking a question. He might include in his question a short comment, but it will have to be a question.

Mr. Jones: Mr. Speaker, I was not going to make a speech; I did not think it was necessary to do so. I should like to ask the minister whether he is going to use his good offices to make sure, firstly, that the roadbeds in the maritime region are to be brought up to proper standard to handle trains of this speed; secondly, are some of these trains going to be used in the maritimes; and thirdly, would he use his good offices to see that some of the equipment which is to be manufactured will be manufactured in the maritime provinces and thus provide jobs? There are places in the maritimes where this work can be done.

Mr. Lang: Mr. Speaker, so far as the actual location of the jobs is concerned, the contracts are being let with Bombardier-MLW and subcontracting and other arrangements will be in

their hands. The Canadian content will be high; therefore, the jobs will be welcome, wherever they may be. In replying to the hon. member's other question, it will indeed be our long-run intention to improve railbeds where passenger services are to be run. These trains can run fairly effectively on many existing beds, but certainly in some regions improvements will be required to the signalling and bed systems.

Mr. McGrath: Mr. Speaker, I have two questions for the minister. Perhaps I can pose them both at the same time in the interest of time. My first question deals with rail passenger service and the VIA Rail announcement made by the minister today, which, of course, will exclude the province of Newfoundland. We lost our rail passenger service as a result of a decision by the CTC implemented in 1969. By that same decision, CN was ordered to operate a bus service within our province. That bus service, by proclamation of the minister under the transportation act, is now under the jurisdiction of the federal government, but it does not qualify under the rail policy passenger service for subsidies to meet its deficits, as is the case with rail passenger services elsewhere in the country. In addition, the bus service is now under federal jurisdiction and is the only mode of transportation across the province which has an exclusive franchise.

My question to the minister is: What benefits is the federal government prepared to provide to the CN bus services where they replace rail passenger services, especially in cases, as in the case of the province of Newfoundland, where they have an exclusive franchise and they are the only mode?

My second question deals with the same problem, or with a consequence of the same decision. CN are now doing the same thing with freight service in the province as they did with rail passenger service; they are allowing it to be downgraded. They are not providing proper maintenance for the roadbed and they are sending more and more freight across the province along the Trans-Canada Highway in trailer trucks. The reason for this is obvious: they pay nothing toward the cost of maintenance of the Trans-Canada Highway, whereas the cost of maintenance of the roadbed and the provision of rolling stock is exclusively theirs.

This brings me to the proposal by the government of Newfoundland, now before the minister, for a 75-25 per cent cost-sharing arrangement with the federal government to upgrade the Trans-Canada Highway in Newfoundland which is well below standard and which is rapidly deteriorating because of the excessive use of freight by CN and others.

Mr. Lang: Mr. Speaker, as the hon. member knows, we have offered to enter into a program of 50-50 cost-sharing on road improvements in Newfoundland. This, of course, is an area which is the prime responsibility of the province, but we have recognized the desirability of improving those roads. At this point in time, of course, that offer has not been accepted.

The whole question of freight service, use of the railroad and the increasing use of roads is one of significant concern and is one of the background reasons for the federal and provincial governments jointly agreeing on the setting up of the Sullivan commission which is now considering all the transportation questions in Newfoundland. We will certainly be looking forward to the results of that commission before too long.

As for the question of the bus system, which it is true is now fully under federal jurisdiction resulting from necessary action which had to be taken some time ago, my understanding is that the rates charged are comparable to bus rates in other parts of the country. If a subsidy is required because of a deficit on the system, because this is a Canadian National service it would be borne either by the system as a whole or by the government of Canada, in the ordinary course.

I look forward to direct federal action in attempting to improve that bus system arising out of the total transportation agreement entered into with the Atlantic provinces. I also look forward to discussing a role with VIA Rail Canada in relation to that bus service, because I think that the vigorous management approach toward passenger service which will be found to exist in VIA Rail may be very beneficial where associated bus services are required.

[*Translation*]

Mr. Gendron: Mr. Speaker, I understand from the announcement the minister just made that an important contract is to be awarded to Bombardier in La Pocatière.

Could the minister tell us the exact amount that would be awarded to Bombardier in La Pocatière under that policy, and also the approximate number of jobs that would be created through that contract?

[*English*]

Mr. Lang: As I indicated, Mr. Speaker, 1,500 man-years will be involved in the development of this equipment. The figure I have used is approximately $90 million. Final negotiating is still continuing.

Mr. Towers: Mr. Speaker, would the minister say whether or not the two main transcontinental lines to western Canada will be maintained? Would he also say what the policy is regarding bilateral runs between places like Calgary and Edmonton?

Mr. Lang: Mr. Speaker, the Canadian Transport Commission's final plan is now available and indicates a particular method for maintaining the two transcontinental services between Winnipeg and Vancouver and an overtime implementation of that development. The other associated services are now frequently under special consideration by the Canadian Transport Commission and special decisions will be taken from time to time in that regard.

● (1552)

What I look forward to is the possibility of Via Rail looking vigorously, with all the provinces, at the question of where rail service is required and desirable, and where bus service can more effectively perform the service of bringing passengers to particular points where the rail service can begin.

Mr. Lambert (Edmonton West): Mr. Speaker, bearing in mind the minister's personal affection for the Edmonton area, and bearing in mind the effect of the decision on VIA Rail to eliminate the direct transcontinental run from the main population area in the province of Alberta which is concentrated on the Edmonton side rather than that of Calgary, how does the minister rationalize this hope for increase in business of VIA Rail Canada and the decision that was taken by the government, through Treasury Board, the other day to eliminate or reject the proposals with regard to the necessary expansion and amelioration of the Edmonton international airport? Frankly, the airport cannot cope with the volume of traffic, yet one can foresee that as a result of this move for VIA Rail there will be an increase in demand on the airport's facilities, bearing in mind the Commonwealth Games and all the traffic which will be generated as a result.

Mr. Lang: No such cut in service for Edmonton is contemplated at this time. Of course, the best possible passenger service to Edmonton and to other areas will certainly be provided. I suppose that would answer the question as posed. However, I would like to reassure the hon. member that the unavailability of funds for the expansion of the Edmonton airport of the full type with which we wanted to go ahead at this time does not indicate a long-term situation, but only a very short-term one. We will be watching very closely the opportunity to find the money and to make it available in some fashion, so that changes in the air terminal service can go forward as quickly as possible.

An hon. Member: Just before the next election.

Mr. Lambert (Edmonton West): Can the minister tell us what sort of a lay-over is proposed in Winnipeg in the projected changes, the proposed plans for VIA Rail and for the modal points for persons wanting to use the service to eastern Canada, because if there is a 12-hour lay-over, or anything more than an hour or two, it becomes a grave inconvenience to people who want to use the train when they have to connect with the so called CPR route? Second, the traffic will be affected now or in the very near future, both rail and air traffic. It is not a question of 1981 or 1982 with regard to airport facilities, but 1978.

What are we going to do with those people? The immigration quarters are like cattle-pens and the modern aircraft and immigration facilities are greatly overtaxed. Also, people are paying the user tax, which is the minister's favourite.

Mr. Lang: On page 4 of the Canadian Transport Commission's preferred plan there is an example of a possible service which would indicate a 40-minute lay-over in Winnipeg for one of the services and a 30-minute lay-over for the other. Of course, the CTC has emphasized that VIA Rail must have flexibility, and one of the things which will concern the management of VIA Rail is the ability to maintain services which coincide effectively with the higher speeds required to make that happen. I will be expecting the management of VIA Rail to look at this matter carefully in order to seek ways of ensuring the best possible service, and discussing with the CTC such variations as may be required to ensure that service. But I do not see any diminution in the passenger rail service for Edmonton.

Mr. Deputy Speaker: Order, please. I still have eight more questioners on my list. Perhaps I should name them in the order in which they appear on my list, to see if this satisfies the House. I might conclude, then, that this should complete the questioning and we should go on to government orders.

I have on my list the hon. member for Battle River, the hon. member for Pembina, the hon. member for Vegreville, the hon. member for Winnipeg North, the hon. member for Hastings, the hon. member for South Shore, the hon. member for Dauphin, and the hon. member for Brant.

Mr. Malone: Mr. Speaker, all of us in the House, I am sure, applaud the intentions in the minister's statement today. One idea with which I am sure we all agree is the one to speed up passenger service. But coming down to the question of methods, one of the concerns that I have is with regard to the method of speeding up the passenger service. Will it be done by increasing the speed at which the train travels, or will there also be a designation of the towns which will be provided with passenger train service?

If that is the case, can the minister tell us at this time the formula for designating certain towns? Will only the distance between certain major centres be taken into account, or will there be a guarantee that a town with a certain size of population, irrespective of its location relative to Edmonton, Saskatoon or Winnipeg, will be provided with that service? I have a couple of other questions, but perhaps the minister could answer that one, following which I will put my other questions to him.

Mr. Lang: I hope that VIA Rail will look at the various means of speeding up the service. Certainly they will have to look at the question of through service, or express service, and what local services are required in preparing the final plan which CTC indicates is a major question for the northern Ontario route.

I expect VIA Rail to be in close consultation with many people, including the users and associations interested in rail passenger service, as well as the provinces and ourselves. CTC, of course, will have a role to play in ensuring that the necessary services are maintained. Beyond saying that I hope the best passenger service will be provided, I would not want to predict precisely what the solutions will be.

Mr. Malone: I would ask the minister if, at an early date, he would let us know by mail what towns are scheduled for designation, because I assume from his answer that in all likelihood that will be forthcoming. The other question I have for him is whether it will not simply be a case, as I am sure the minister realizes, of improving rail equipment so as to encourage people to travel by rail, and also the improvement of the service provided in terms of station buildings, food on the trains, personnel, and so forth. What are the government's

intentions in this regard? In view of the fact that he spoke about the VIA Rail service between Quebec City and Montreal being provided by 1980, when does he anticipate that we will have a rapid transcontinental VIA Rail service from one end of the country to the other?

Mr. Lang: The balance of the new equipment will be arriving in two or three years. I would not want to predict the speed at which trains will be travelling at that time. We are very conscious of the fact that all these factors lead to better rail passenger service. Of course, the improved design of the interior of trains is an example of that.

● (1602)

I also believe that the creation of VIA Rail and the dedication to rail passenger service will have an important impact upon the morale of those who are engaged in providing services, the men and women on the trains, because they will no longer be part of an operation which was getting little attention and looking as though it was the neglected child in the family of rail services. In this way, I believe the whole group will work together to provide better service and to make sure that the way of providing this service is best suited to the needs of travellers.

Mr. Elzinga: Mr. Speaker, my question is supplementary to the one put to the minister by the hon. member for Edmonton West. As are all my colleagues from the Edmonton area, I am concerned about the facilities at the airport at Edmonton. The minister stated that it is going to be only a short-term delay. Would the minister be kind enough to give us a hopeful date as to when the upgrading of the facilities at the Edmonton international airport will take place, in view of the fact that we will be hosting the Commonwealth Games in 1978?

Mr. Lang: Mr. Speaker, I would not want to speculate upon a date, but I can assure the hon. member that as soon as I have a definite date, it will be given.

Mr. Mazankowski: Mr. Speaker, I have two brief questions for the minister. Is the $24 million, which has been announced today for the purpose of purchasing equipment, a portion of the $30 million grant which was originally announced? Can the minister explain to the House, or elaborate as to how VIA Rail will be financing the balance of $66 million? Will it be a loan obtained from the private sector, a loan from the government, or will a portion of it be generated from within?

Mr. Lang: I believe that when the original $30 million figure was quoted, the intention was to allocate approximately $9 million of that toward equipment, and the balance toward other improvements. Therefore, the amount which will be spent in fact will be much larger than originally comtemplated, as this approximately $90 million indicates. The $24 million from the government will be going indirectly through an estimates vote. The balance and many other improvements which will go on will, indeed, be self-financing over the long term, and we will be acting to give VIA Rail Canada Limited the capability, either with CN or government guarantees, to raise the necessary funds for capital purchases. The over-all cost of servicing that capital will, of course, be included in later votes in this House.

Mr. Orlikow: Mr. Speaker, I should like to ask the minister if there are any early plans for upgrading the track between Ottawa and Montreal, and the elimination of the remaining level crossings. I should like to ask the same about the Toronto to Montreal line, so that people, including members of parliament and ministers, will be persuaded by the much shorter trip to take the train instead of the bus, driving in their own cars or flying, as they now do?

Mr. Lang: Mr. Speaker, a variety of routes will be getting attention, but I know that one in particular that is seen as deserving early attention is the Ottawa to Montreal route, because of the distance and therefore the possibility of attracting more passengers to the rail mode and away, perhaps, from their automobiles.

Mr. Orlikow: Mr. Speaker, I wonder if the minister can tell us whether there are similar plans to upgrade the line between Regina and Saskatoon and between Calgary and Edmonton. Both trips are now being made by a large number of private passenger cars or by aircraft, and both would be much more efficient and cheaper if they were made by a rail service which had the kind of speed which these new engines and rail cars the minister announced today could maintain if they were given the tracks upon which to operate.

Mr. Lang: VIA Rail will be giving consideration to the question of a variety of intercity services, particularly the Bud car type of service where an individual unit provides the service. But we will have to look at this question very carefully in order to determine whether the frequency and quality of the bus services which exist in some of the intercity links are, indeed, the better way to go, and whether they can in fact fulfil the service. So the extra cost of railway upgrading may be uneconomic compared with using that money for other good transportation services.

That is the kind of question we will be looking at progressively in order to provide the best transportation services, but certainly we will be looking at all modes and, very clearly, the bus mode as well as the rail mode.

Mr. Ellis: Mr. Speaker, I will try to combine my questions into one. Perhaps the minister will answer all of them at once. As the minister well knows, the city of Belleville, which I represent, is the Rideau area headquarters and has been the home of CN for many years. Recently, CN has obviously adopted a policy of reducing the work force in this area and the schedule of trains in and out of Belleville has been a deterrent to travellers to the point where people in the area who would normally use rail have been calling me frequently and complaining. Will the minister and his department have any input into the type of employment and the type of schedules in and out of that area?

Getting away from the specific Belleville area, I want to ask the minister whether any thought is being given to the upgrading of roadbeds. After all, freight trains go over them and pound them pretty hard, whereas a light passenger train could use a roadbed three, four or five times as often and not apply the same kind of beating. Is any thought being given to putting a single rail, particularly into the Quebec-Windsor corridor and perhaps electrifying that portion for particularly high speed?

I notice in the statement that the minister talks about LRCs. I understand they are diesel equipment. Is there any thought of electrification, a single rail and more use of the Rideau area headquarters in Belleville?

Mr. Lang: Mr. Speaker, I am sure the management of VIA Rail will have heard the question about the desirability of good passenger service in that area. CN is aware of our general concern about the movement of jobs and centralization if it leads to movement toward large cities and away from small ones. Roadbed upgrading will be an important issue in relation to passenger service. The lighter trains which are now being ordered may, in fact, accomplish much better speeds on the existing roadbeds, but obviously the matter will have to be looked at.

I do not look toward electrification in the short term in this part of the country. Recent research which was undertaken by Transport Canada has made available the facts upon which electrification may well proceed, but very likely first in the mountain regions of the country rather than in other areas.

Mr. Crouse: Mr. Speaker, the announcement by the minister of the purchase or construction of 22 locomotives and 50 coaches at a cost of $90 million, to be purchased by the federal government and VIA Rail from Bombardier, will of course not go unnoticed in Nova Scotia. I would like to ask the minister, who I know is aware of the ability to construct freight cars in Trenton, if in his planning he has given any thought to the high rate of unemployment in the province of Nova Scotia and to the possibility of ascertaining whether the plant at Trenton would be considered as a possible place to provide some components for this project.

Second, I noticed that by 1980 the service will be improved between Montreal and Quebec. Once again, I would like to remind the minister that Halifax, Nova Scotia, is one of the eastern terminals of the CNR. In light of the state of the track which presently exists between Quebec and Halifax, I would like to know if it is the intention of the government to examine this track in the hope of improving it, straightening it, upgrading it and providing an improved service to Atlantic Canada.

I notice in the minister's release that when this new equipment is put into service it will make available to VIA Rail, for western Canada and the maritimes some of the existing equipment. This brings to mind yet another question. When can we anticipate some of this existing equipment being put on the run between Quebec City and Halifax in order to update, upgrade and improve the service which we presently receive? It is very important to our area, and if I do say so, we feel that we are being let down today by the government with regard to improving our over-all transportation system, especially as it applies to the CNR.

Mr. Lang: Mr. Speaker, the Canadian Transport Commission is now looking at the question of the appropriate service between Montreal and the Atlantic, and I would not want to prejudge that except to underline that we indicated, as a matter of policy, the need to maintain a direct service from one end of the country to another as an irreducible minimum. Obviously, the upgrading will have to proceed from time to time. These trains will all be available by 1980 or 1981, and I am hoping that some of them, in the mix of old equipment and new equipment, can indeed be available for the western and Atlantic regions.

As far as Trenton is concerned, I will determine the likelihood of bid availability for supply there. Of course, the hon. member knows that I have had a great deal of concern for the Trenton area. At the present time, some hopper cars which are still being produced are, I think, still being manufactured there.

• (1612)

Mr. Ritchie: Mr. Speaker, I should like to ask the minister, if there is a $90 million order, whether it was arrived at by tender, if other companies were invited to participate—that is, if they have the capability—and what centres will benefit from this economic activity? Will DREE or some other government agencies be involved in this order?

Mr. Lang: Mr. Speaker, the bid was on tender. There were four bids received and, as I indicated carefully, they were evaluated for all features. The supply will be spread over many different manufacturers. Perhaps the best thing would be for me to attempt to get out a more detailed statement on that than I have on hand at the moment, and endeavour to make that available.

The development of the LRC is, of course, something the government has had an important hand in over some time. Both through the Department of Industry, Trade and Commerce and a PAIT grant of $2.5 million, the development was assisted. Then Transport Canada spent $1.12 million assisting in the testing of the equipment through the research and development centre. It was, therefore, a very happy thing indeed that the LRC, which may well have expansion potential, is the vehicle we are looking to today.

Mr. Blackburn: Mr. Speaker, I should like to ask the Minister of Transport this question. When VIA Rail comes on stream sometime next spring, when it becomes a separate entity, is it the intention to discontinue the passes of present employees of CN and CP and also those retired from CN and CP who have passes on those railways? Will these passes be continued once VIA Rail becomes a separate passenger service?

Mr. Lang: Mr. Speaker, it certainly would not be the intention to do anything of the sort, but the question of the

continuation of passes and the appropriate financial responsibility for them is a matter to be discussed between VIA Rail, on the one hand, and the two railways on the other. It has seemed to be logical that the passenger service, as such, ought not to bear the cost of passes for those engaged in non-passenger service on the railways. That is an internal matter and a matter of arrangement between the railways and VIA Rail. At this point, I think there should be no reason for anyone to worry about the passes changing in their nature.

Mr. Blackburn: When VIA Rail becomes operational, will it also provide a pass service for employees on an ongoing basis?

Mr. Lang: Mr. Speaker, perhaps I should not try to prejudge that, since it will be the kind of question dealt with by management. I think the normal thing would be to begin with many of the same arrangements that are now well known. To the great satisfaction of the unions involved in the changeover from CN and CP to VIA Rail, we have introduced and developed certain regulations to make sure that the changeover is as smooth as possible. Obviously, this will be a matter of significant concern and discussion. Perhaps I should not go further than that in my comments today.

* * *

[*Translation*]

WAYS AND MEANS

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, under Standing Order 60 (11) the adoption yesterday of two notices of ways and means was an order to bring in a bill based on those two notices. That bill is now ready and in the hands of the officers of the House. I would now like to move first reading of that bill.

INCOME TAX ACT

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds.

Motion agreed to, bill read the first time and ordered to be printed.

Mr. Deputy Speaker: When shall this bill be read the second time? At the next sitting of the House?

Some hon. Members: Agreed.

* * *

[*English*]

PETROLEUM CORPORATIONS MONITORING ACT

MEASURE TO PROVIDE FOR COLLECTION OF CERTAIN STATISTICS RELATING TO PETROLEUM INDUSTRY

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-12, to require the reporting of certain financial and other statistics relating to the affairs of certain petroleum companies carrying on business in Canada.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

BUSINESS OF THE HOUSE

Mr. Cafik: Mr. Speaker, it is my understanding, as a result of discussion with opposition House leaders, that there would be unanimous agreement to vary the House orders to achieve an objective which seems to be commonly desired, namely, that the Minister of Veterans Affairs would be allowed to make a statement on the day preceding Armistice Day, prior to question period, and to extend the other proceedings in order to make up any lost time.

I would, therefore, propose a House order that, notwithstanding any Standing Order, the Minister of Veterans Affairs may make a statement, and spokesmen for parties in opposition may comment thereon, immediately the House is called to order on November 10, 1977, provided that Mr. Speaker shall allow the usual amount of time for routine proceedings and oral questions before the House proceeds to orders of the day.

Mr. Paproski: That is agreed, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Agreed.

[*Translation*]

Mr. Allard: Agreed, Mr. Speaker.

Mr. Deputy Speaker: Is it agreed, and so ordered, that the proposal of the hon. Minister of State—

Some hon. Members: Dispense.

Mr. Deputy Speaker: Agreed, and so ordered.

* * *

● (1622)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Deputy Speaker: Shall the questions be allowed to stand?

Some hon. Members: Agreed.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that the notices of motions for the production of papers be allowed to stand.

Mr. Deputy Speaker: Shall the notices of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

AIR CANADA ACT, 1977

[*English*]

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House resumed, from Tuesday, November 1, consideration of Bill C-3, respecting the reorganization of Air Canada, as reported (with amendments) from the Standing Committee on Transport and Communications; and motion No. 1 of Mr. Knowles (Winnipeg North Centre).

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, yesterday evening I touched upon certain relevant points with respect to the amendment of the hon. member for Winnipeg North Centre (Mr. Knowles) which is now before us. He would like to have deleted a provision which was put into the Air Canada bill largely at the request of my colleagues in the Conservative party. That provision reads as follows:

In discharging its responsibilities under the act, the board shall have due regard to sound business principles, and in particular the contemplation of profit.

Also, I pointed out that there were two important matters before us. First, we are saying that the directors must follow sound business principles—I feel all members in this House agree with that—and second, that the directors should follow a pattern of activity in contemplation of profit. Apparently it was the suggestion of profit that caused some hysteria on the part of the socialists and the hon. member for Fort William (Mr. McRae). As a result, the hon. member for Winnipeg North Centre proposed that the entire clause be deleted, which would include the suggestion that the directors follow sound business principles.

I speak in favour of the provision as it now stands, and against the amendment proposed by the hon. member for Winnipeg North Centre. Despite the fact that Air Canada has over 50 per cent of the total air revenue in Canada, they have experienced substantial losses over the last three years. In the aggregate, those losses were approximately $65 million. If we are going to recapitalize Air Canada and give them a potential capital of $750 million, surely it is not unreasonable to suggest that the board should follow sound business principles and carry out their activities in contemplation of profit.

The projections indicate that upon this bill becoming law, approximately $365 million of capital will be put into Air Canada. Therefore, their capital will rise from $5 million to $370 million. For example, if that money is put into bonds, Air Canada should receive at least 10 per cent interest on that sum. This would mean that it would be almost guaranteed $37 million, before tax profits, prior to flying the first plane.

To suggest that we are asking too much of the board of directors when we say they should run their airline in contemplation of profit is ridiculous. For too long now the socialists—and the Trudeau socialists on the other side of the House—have been telling us that Air Canada is a rather unique animal that should not earn a profit, and that somehow or other airlines just do not earn a profit. That is a misrepresentation of the facts.

In 1976, while Air Canada was losing substantial amounts of money, American Airlines made $56 million after taxes, Eastern Airlines made $46 million, Allegheni Airlines made $14 million, Braniff Airlines made $27 million, Ozark Airlines made $7 million, Pan American Airlines made $94 million, and Piedmont Airlines made $4 million. These are just a few examples of airlines in the United States which are comparable to ours. It is not true to say that historically airlines have lost money. Northwest Airlines, with which the hon. member for Crowfoot (Mr. Horner) is very familiar, has about the same amount of revenue as Air Canada—approximately $1 billion. Last year, Northwest Airlines made approximately $100 million, while Air Canada lost some $20 million.

Because of the bureaucratic nature of a state-run airline, Air Canada has been operating at a substantial loss, while certain private-oriented airlines have made a substantial profit under the same basic conditions and during the same timeframe. It is totally wrong to suggest that Air Canada should not, and cannot, make a profit. The fact is that they can make a profit. Air Canada should not be discouraged from making a profit, because profit is a demonstration of an airline's efficiency.

It has been represented in the House and in committee that the recapitalization of Air Canada should be commenced because their debt load is no longer in ratio with their basic capital or equity. Compared to other airlines, Air Canada has an unduly high debt load. The fact which is cleverly glossed over is the reason for that heavy debt load. The short answer is that Air Canada has a heavy debt load in relation to their capital because it has not earned any money to speak of in the last 40 years.

Whereas other airlines have been able to accumulate substantial retained earnings, Air Canada's total retained earnings, after 40 years of activity, are only approximately $18 million. Delta Airlines have retained earnings of $304 million, Northwest Airlines have retained earnings of $473 million, and United Airlines have retained earnings of $306 million. Because Air Canada has not been able to pile up retained earnings comparable to other airlines, we are being asked to bail them out.

It is not a question of other airlines having had substantial capital at some point and Air Canada asking to be capitalized on a comparable basis. Those other airlines had relatively small capital at the beginning. They built up retained earnings, which has given them substantial capital today, whereas Air Canada has been building up very insignificant retained earnings in relation to their total size. What we are doing in the bill is, in effect, allowing Air Canada to catch up through this recapitalization as opposed to taking the route which other airlines have taken, that is, simply accumulating earnings over a period of years.

● (1632)

The next point is something that has often been overlooked. When we in committee asked the management of Air Canada to give us a proforma statement as to how they saw the earnings of Air Canada after capitalization, we were told that by 1981 they felt that if they were recapitalized, the total retained earnings of Air Canada would be $70 million; in other words, their retained earnings would go from about $13 million, in 1976, to $70 million.

It is rather surprising that on the second day, when we asked them to tell us what would be their retained earnings if they did not have this recapitalization, if they simply carried on with their $5 million capital and present debt structure, we were told the retained earnings on that projection would be almost identical. They said that if they carried on as they are, they would project their retained earnings to be $69 million in 1981, compared to $71 million in 1981, if they got the recapitalization. That has got to be a red flag for us. Their own internal projections show that if they are asked to carry on with the debt load they have, their retained earnings will be the same as if they were given the new recapitalization to which I referred, that is, additional capital of $365 million.

I say it is a red flag because we know that as long as they have the debt structure there is a certain obligation on them to at least pay the interest on that back to the treasury of Canada. However, once we recapitalize them and give them an additional $365 million, they have absolutely no requirement to pay dividends. They have absolutely no requirement to pay interest on that amount. They can have a free ride, if we do not make it clear in the legislation now before us that they must carry on their business in contemplation of profit.

It is important, if we are going to accommodate Air Canada as the government has asked us, that we, on behalf of the Canadian public, do not leave the public in the unfortunate position where one can have an airline with $370 million, maybe up to $750 million if the authorized capital is paid up, with no condition that they must run the airline on a profitable basis.

The Acting Speaker (Mr. Ethier): Order, please. I have to interrupt the hon. member because the time allotted to him has expired. He may continue only with unanimous consent. Is there consent to allow the hon. member to complete his remarks?

Some hon. Members: Agreed.

[Mr. Stevens.]

Mr. Stevens: I thank hon. members for their co-operation, Mr. Speaker. I will be brief on the question of whether we approve the amendment now before us. I wish to touch on one other matter. When the minister was speaking, he made reference to the fact that we are heading toward the point where Air Canada might be sold, at least in part, to private interests. The minister stated, and I quote from page 526 of *Hansard*:

> I emphasize that it is a matter of this House and this government recognizing that where it is possible for a private sector-like operation to do a job effectively, that indeed is where it should be done. We are, in effect, giving the airline that kind of status while not yet having decided that, as owners of the airline, it is commercially right or the time to dispose of our investment interest in it. I see this happening with Air Canada—

This is the type of double-talk we get from the Trudeau Liberal government. They do one thing and then pretend that somehow or other they have a fundamental agreement or interest in the free enterprise system or in companies being left in the private sector. I raise this question because it is important to bear in mind that while the minister has put that on the record, if you read the bill you will find it disproves what he has said. For example, in clause 10 we find that, while the shares of Air Canada now have a par value of $100, it is proposed to raise them to a par value of $1,000. Surely that is not being done in contemplation of having private concerns buy into Air Canada. Let us not forget this fact. Not only are they proposing to raise the capital from the present $5 million to a possible $750 million, but they are also making that capital saleable only in shares of $1,000 or multiples thereof.

Second, the bill provides that the shares of the corporation are not transferable. When issued to the Minister of Finance, they will be registered in the books of the corporation in the name of the minister and held by him in trust for Her Majesty in right of Canada. There is not even a prediction that they will be transferred to the private sector. To make that abundantly clear, clause 10(4) reads:

> No shares of the corporation may be issued otherwise than as expressly authorized by this act.

Let us not allow the minister to convey the impression that somehow the passage of this bill will allow Air Canada in part to be owned in future by private concerns. This is also confirmed by the fact that the bill contemplates that in over 40 different respects Air Canada will be under the direction of various orders in council. Again, that is not being done in contemplation of Air Canada shifting to the private sector. The private sector will not invest in an airline dominated by a government which can simply instruct them what to do through orders in council.

I would state that with a capital of $750 million, if that is what they eventually issue, it would be difficult to sell any shares in Air Canada. However, it will be absolutely impossible to sell shares in Air Canada if it does not make a realistic profit in relation to what other airlines are doing. That is what brings me back to this amendment. We are not doing our duty as members of parliament if we allow this amendment to pass, bearing in mind it will confirm that the directors of this airline may in future carry on their operation with no contemplation

of profit. If we have a capital of $350 million, up to $750 million, and there is not a comparable profit on that capital, there is no way that shares in Air Canada can ever be sold to the private sector. That is another reason why we need this provision in the bill.

As the *Globe and Mail* indicated yesterday, most airlines in Canada have turned the corner after two years of heavy losses and it is now contemplated they will be on the profitable side. That is all the more reason we should say to Air Canada, "We are giving you this relatively large amount as far as authorized capital is concerned," if that $750 million is issued, which will mean Air Canada will have the largest issued capital of any airline in the world, so surely the least we can say is, "Run your airline at a profit."

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I wonder whether the hon. member for York-Simcoe (Mr. Stevens) would accept a question.

Mr. Stevens: Yes, Mr. Speaker.

Mr. Saltsman: I was interested in what the hon. member had to say. A problem arises from his argument, at least in my mind. It is one we are trying to deal with in the amendment now before the House. There are many areas of Canada which, if they had to be served by an airline intent only on profit, would simply not be served. The rationale for Air Canada in the first place was to establish an airline, not because the government was socialist in those days but simply because the private sector was unable or unwilling to service this vast country.

The hon. member suggests we go to a profit-oriented airline. It would not be difficult for Air Canada to do that. The easiest way would be simply to lop off all those areas it serves now which do not pay. That would isolate many people in this country, or put them in the position of having to pay extraordinary rates in order to get service. I would like the hon. member for York-Simcoe to address himself to that particular problem. How would he deal with it?

The Acting Speaker (Mr. Ethier): Order, please. Before permitting the hon. member to answer the question, I must seek the unanimous consent of the House because the hon. member for York-Simcoe previously used up his allotted time. Is there unanimous consent?

Some hon. Members: Agreed.

● (1642)

Mr. Stevens: I do not believe the hon. member for Waterloo-Cambridge (Mr. Saltsman) was in the House last evening when I dealt with the specific question he has raised. I pointed out that the bill before us, in clauses 8 and 9, covers the very point to which he has referred. Those clauses contemplate that there may be areas in Canada which Air Canada might feel it could not serve in a viable or profitable way, in which case the government can ask Air Canada to serve such areas. Any losses are then to be calculated and charged to the treasury.

This is the point I am getting at: I think it is important to make a clear decision between running a service because you think it is in the public interest, and asking an airline to run a good, efficient, profitable undertaking. The socialists get into trouble because they confuse those two things. We in this House have every right to decide whether we feel public money should be used to provide an air service in certain areas. That is a matter of policy. But it should be public knowledge and we should understand exactly what we are doing.

If it costs $10 million or $100 million, the public has a right to understand what is being done. The socialist says, "Gloss it over. Don't expect the company to run at a profit, because the name of the game is public service". That approach usually results in no profit being made, because it leads to the building up of a bureaucracy and commitment to all kinds of expenditures in the name of delivering a service. We ought to keep the situation crystal clear. Air Canada, given the amount of capital at its disposal, should be expected to run as profitably as any comparable airline. If it feels it has unprofitable runs, let the corporation come back to us openly and ask for a subsidy. If it is warranted, that subsidy can be granted. But keep the record straight; do not gloss it over as all socialists gloss it over, building up these bureaucracies in the guise of somehow or other serving the Canadian public.

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

Some hon. Members: Question.

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

Mr. Knowles (Winnipeg North Centre): Carried.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

Mr. Ellis: On a point of order, Mr. Speaker, I do not recall there was agreement to defer this vote. There was agreement yesterday to defer any vote until three o'clock today, but there was no agreement to defer this vote today.

An hon. Member: It is by rule, now.

The Acting Speaker (Mr. Ethier): As I said, it was in accordance with Standing Order 75(11), which reads as follows:

When a recorded division has been demanded on any amendment proposed during the report stage of a bill, Mr. Speaker may defer the calling in of the members for the purpose of recording the "Yeas" and "Nays" until any or all subsequent amendments proposed to that bill have been considered.

A recorded division or divisions may be so deferred from sitting to sitting.

Mr. Ellis: May I ask, then, when the vote will be taken?

Mr. Knowles (Winnipeg North Centre): Look at the order paper. There are three or four amendments on it.

The Acting Speaker (Mr. Ethier): As the hon. member has just heard from my reading of Standing Order 75(11), the vote is deferred until any or all subsequent amendments proposed to the bill have been considered. After consultation, it has been proposed that motions Nos. 2 and 5 and motions Nos. 3 and 4 be grouped for debate and voted on separately. Is that agreeable to hon. members?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Agreed, and so ordered.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Yes, Mr. Speaker, I understand that under Standing Order 75 (11) the division on an amendment can be deferred until any or all subsequent amendments proposed have been considered. Of course I am not saying that you should state your decision immediately, but as I understand it, and you will correct me if I am wrong, you are not now necessarily deferring this vote to another sitting, but you wish to wait until 6:30 to see how the other amendments will be discussed before determining precisely when the vote can be taken. Is this correct?

[*English*]

The Acting Speaker (Mr. Ethier): It is precisely as the parliamentary secretary has just said—until any or all subsequent amendments have been considered. That is left to the discretion of the Chair.

[*Translation*]

Mr. Pinard: Mr. Speaker, I suppose you will tell us about your decision sometime later today?

The Acting Speaker (Mr. Ethier): If we finish with all the amendments today, we can take the vote later this afternoon. Otherwise, it can be deferred until later still.

Mr. Pinard: Must I then take it that we shall not consider all the amendments today? Will you effectively defer the vote to another day?

The Acting Speaker (Mr. Ethier): The hon. member will be consulted beforehand.

[*English*]

Mr. Sinclair Stevens (York-Simcoe) moved:

[Mr. Ellis.]

Motion No. 2—

That Bill C-3, an act respecting the reorganization of Air Canada, be amended in clause 7 by adding immediately after line 31 at page 5 the following new subclause:

"(11.1) Every material contract entered into between the corporation and

(*a*) a director or officer of the corporation, or

(*b*) a corporation or partnership in which a director or officer of the corporation has a material interest

is null and void."

Motion No. 5—

That Bill C-3, an act respecting the reorganization of Air Canada, be amended in clause 22

(*a*) by striking out line 2 at page 12 and substituting the following therefor: "(2)(*d*)(ii) thereof, section 46, 111, 115,";

(*b*) by striking out line 5 at page 12 and substituting the following therefor: "(10), 117(1), 118(1) to (3), 119(1),"

He said: Speaking to the two motions in my name, Nos. 2 and 5, I draw attention to the fact that these, essentially, are attempts to tighten up conditions under which the directors will be allowed to run the activities of Air Canada. If this bill is passed, we shall have established an airline which will initially have a capital of something like $370 million, and potentially a capital of $750 million. They also have assets worth something over $1 billion. In short, they are an extremely large commercial concern.

• (1652)

The trustees of any corporation are the directors of that corporation. On behalf of the people of Canada, the directors of Air Canada are essentially charged with the well-being of our investment in Air Canada. We have had some unhappy instances where at one board meeting the officer in charge frankly stated that he could not keep the directors awake, they kept falling asleep. At another meeting it was also said that they tried to get everything through by at least two o'clock in the afternoon because the directors would fall asleep by that time and it was very difficult to get any of the business done. If that is so, Mr. Speaker, and bearing in mind that the widespread impression has been created that the directors of Air Canada are political hacks who are on the board—

Mr. Lang: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): Order. The Minister of Transport (Mr. Lang) seeks the floor on a point of order.

Mr. Lang: Would the hon. member permit a question?

Mr. Stevens: Yes.

Mr. Lang: Would he cite his authority for those two references? I should certainly like to check into them, to be sure they are not simply wild speculation, rumour or imagination. If the hon. member has the source, I would be pleased to have it.

Mr. Stevens: I am sure the minister would be most curious to have the source. I can assure him that the source is very bona fide.

Mr. LeBlanc (Westmorland-Kent): Then put it on the record.

Mr. Stevens: I suggest that in jumping up on his point of order, the minister knows I have hit the mark. He knows that I am dead right. In the more general remarks which I intend to make in support of my amendments, I will specifically quote what one of the officers of Air Canada had to say concerning the directors of Air Canada. Perhaps the minister will be able to check with that officer once I have quoted him.

First of all, motion No. 2 is simply an attempt to make sure that the directors or officers of Air Canada, or directors who in turn are also materially interested in a corporation or partnership or who may have some contract with Air Canada, in future should not be able to enter into such contract. In short, Mr. Speaker, what I am saying —and this came out in committee—is that not only are the directors on this board a little sleepy but, in turn, they may have contracts with the very airline of which they are acting as trustees on behalf of the people of Canada.

Granted, in committee it was stated there is great vigilance, that an attempt is always made to have them declare their interest. But we feel this is not good enough. Why should we not put into this bill which reorganizes Air Canada the flat statement that the directors may not have any dealings with Air Canada, period? Similarly, why not say the officers may not have any dealings with Air Canada, period, other than those dealings which form part of their function as directors or officers of Air Canada? Without belabouring the point, this is essentially what I am asking for in motion No. 2.

I think I have to explain motion No. 5 a little more fully. It appears rather innocuous until one reads clause 22 of the Air Canada bill. I do not think most of us realize the significance of some of the provisions in that particular clause. May I refer hon. members to the top of page 12, where reference is made to section 112 of the Canada Business Corporations Act. If allowed to stand in the bill, section 112 of the Canada Business Corporations Act will become incorporated into the charter of Air Canada.

I ask hon. members to listen to what section 112 allows the directors of Air Canada to do if it does become so incorporated. They may, by a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors, vote as if they were at the meeting, provided they simply sign that resolution. In other words, if section 112 is allowed to remain in the bill before the House, the directors may simply, in future, be able to sign whatever resolution they are asked to sign in lieu of attending a meeting. It is bad enough to have them fall asleep at meetings, but surely if they are to perform their function properly as directors of Air Canada, they should at least be expected to leave their homes and attend meetings to hear what is going on, as opposed to dutifully signing some resolution which they did not have the benefit of discussing at the meeting.

Again I point out that on page 12 of the bill reference is made to the inclusion of section 109(9) of the Canada Business Corporations Act. Here, again, this appears rather innocuous until one reads section 109(9), which again refers to directors and calls for participation by telephone. That section provides:

> Subject to the by-laws, a director may, if all the directors of the corporation consent, participate in a meeting of directors or of a committee of directors by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed for the purposes of this Act to be present at that meeting.

In short, they are contemplating some type of conference call directors' meeting, and I think this is unforgiveable. First of all, we are proposing to recapitalize Air Canada with up to $750 million worth of capital. We are proposing that directors may deal with the company freely so far as outside contracts are concerned. In addition, they may not even have to attend directors' meetings. In short, they merely have to sign a resolution as if they had attended the meeting. Finally, they may make some kind of conference call arrangement and attend a meeting by telephone, as opposed to appearing in person. This is no way to run an airline, Mr. Speaker. As far as the members of my caucus are concerned, we believe those two provisions should be deleted, so that directors are at least obligated to attend meetings; and as stated in motion No. 2, so they will not be allowed to have contracts with Air Canada.

Let us try to take a look at this matter in perspective, Mr. Speaker. If any of us owned stock in a corporation which lost some $20 million last year, and in rescuing the company we decided to relax the rules governing the board of directors, surely the least we should do is to say that the directors in future must attend meetings of the board, and that they also not be given the privilege of making contracts with the very company of which they are trustees. Although this airline, in its over 40 years of existence, has accumulated virtually no retained earnings, we find that the directors, who collectively preside over a loss of some $65 million during the past three years, will not even be requested to attend board meetings, but may simply sign a resolution or be party to the meeting through a telephone call.

● (1702)

That is the reason we are suggesting these motions should be supported. During the committee hearings on this bill, several members of parliament challenged the negative guidelines for the selection of Air Canada directors, bearing in mind that there are only two rules at present: Air Canada directors must be Canadian citizens, and they must be under 70 years of age. The president of Air Canada, Claude Taylor, told the committee that he would welcome, to use his language, more positive guidelines for the selection and performance of board members. He also admitted that of the board's present nine members, only one had previous experience in the airline industry—the other eight are drawn from other walks of life.

All too often the government, which appoints Air Canada's directors, packs the board with political appointees and party hacks, rather than with the many capable and available

Canadians with knowledge and expertise in the aviation industry. By permitting absentee directors, the government is taking yet another step in reducing Air Canada's board to a rubber-stamp body with little or no say in airline management.

Rather than strengthening the board's hand in the day to day management of the airline, the provision in clause 22 would undermine the credibility of Air Canada's management at a time when it is vital that it put its own house in order. Surely the first step in putting the airline on a sound financial basis is to provide it with a committed and involved board of directors. It is concerned, capable management, not absentee directors, which brings success to any well-run business. Public corporations—certainly a Crown corporation such as Air Canada—are no exception.

For these reasons, I hope and trust that most members of the House will support my two motions which would delete certain provisions from the bill now before us and which would allow absentee directors to run Air Canada's affairs. If we are to rebuild Air Canada, we must first make the directors more accountable for, not more removed from, the operation of our nation's largest and oldest airline.

Mr. Lang: Mr. Speaker, I only want to intervene very briefly to indicate that, of course, the proposed Air Canada Act as it is contained in the bill before the House incorporates significant protection which is found in the Canadian Business Corporations Act in relation to such matters as contracts. So that when the hon. member for York-Simcoe (Mr. Stevens) asks whether the material contracts can be entered into, he may leave the impression that this is being allowed in the absence of any over-all contracts, which is certainly not the case.

The ordinary provisions of the Canadian Business Corporations Act which are seen as being appropriate for corporations in general will apply in this case also. That is also true of the provision for potential informal votes and approval by directors. It has been found necessary over the years to give businesses that prerogative so they need not summon directors for every piece of business or for the finalization of it when they have conducted the main part of the business at an earlier meeting. That provision was incorporated in the Canadian Business Corporations Act and is also included in the bill before us. The very breadth of the motion which the hon. member has proposed might make it more difficult to obtain directors with a good deal of experience who happen also to be senior persons with an interest in major corporations, so in that sense he has been arguing against himself.

I should like to say one other word. I regret very much that the hon. member for York-Simcoe persists in what I think is an example of very bad conduct for members of the House, a degrading kind of conduct, when he refers to directors who are not present and cannot defend themselves. He said that he has reports about their falling asleep. When I asked for his source, he did not give it but snidely said that of course he thinks I would be interested in it.

[Mr. Stevens.]

What I am interested in is that members of the House do not abuse the privileges of the House by defaming in this way or being derogatory about people who are not here. I think it is very important that we adopt that standard of conduct and that we find ways in the House to deal with members who do not refrain from such conduct. If there is no record, if it is hearsay that is being relied upon, or evidence that is not sufficiently substantial to be brought before the House, then members should, in decency, refrain from making such references.

Some hon. Members: Hear, hear!

Mr. Lang: I urge that we recognize the basic protection that exists in the law that is proposed and that, therefore, hon. members do not support the proposed amendments.

The Acting Speaker (Mr. Ethier): Is the House ready for the question on motion No. 2?

Some hon. Members: Question.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to section 11 of Standing Order 75, the recorded division on motion No. 2 stands deferred.

The question now is on motion No. 5. All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to section 11 of Standing Order 75, the recorded division on motion No. 5 stands deferred.

Mr. Stevens: Mr. Speaker, I rise on a point of order. We have no objection to there being one vote on motions Nos. 2 and 5.

The Acting Speaker (Mr. Ethier): Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It is ordered that motions Nos. 2 and 5 be grouped for one vote. We are now on motions Nos. 3 and 4, which are grouped for debate.

Mr. Sinclair Stevens (York-Simcoe) moved:

Motion No. 3—

That Bill C-3, an act respecting the reorganization of Air Canada, be amended in clause 10 by striking out lines 25 and 26 at page 6 and substituting the following therefor:

"corporation is four hundred million dollars divided into shares of ten".

Motion No. 4—

That Bill C-3, an act respecting the reorganization of Air Canada, be amended in clause 10

(a) by striking out lines 34 and 35 at page 6 and substituting the following therefor:

"(3) The shares of the corporation when issued to the minister";

(b) by striking out line 42 at page 6 and substituting the following therefor:

"by this act, but shares so issued are transferable in accordance with section 47 of the Canada Business Corporations Act."

He said: In speaking to motions Nos. 3 and 4, I would again like to give an explanation to the House as to why we feel these motions deserve support. Dealing, first of all, with motion No. 3, we propose that clause 10, which appears on page 6 of the bill, be amended to provide that, rather than that there should be $750 million of capital divided into shares of $1,000 each, there should be $400 million worth of capital divided into shares of $10 each.

● (1712)

If I may speak to that amendment first, the evidence which was given before our standing committee made it very clear that the Air Canada management does not project using more than $370 million of capital between now and 1981. As we have already stated, its present capital is only $5 million. If this bill goes through, the government proposes to increase that capital by $365 million, to $370 million.

Our feeling is that if we look down the path for as much as five years and see that Air Canada will need only $370 million in capital, why does the government propose to authorize $750 million? In truth, I think this is a way in which the government feels it can bypass parliament. Clearly, if Air Canada decides at a later date, notwithstanding its projections which make it clear that it needs only $370 million, to add another $100 million or to go right up $750 million, and if the government has this legislation in its present form, there will be no obligation to come back to parliament to ask for a new amendment to the Air Canada Act. In short, we are nervous about giving Air Canada $750 million worth of capital. That would mean that it would be the most capitalized airline in the world. It would mean that it would have capital which would impose absolutely no fetter on it.

At 10 per cent that amount of capital could produce $75 million with no difficulty at all. That is a tremendous subsidy to be given to any Crown corporation by the people of Canada. Why the government insists on this is not clear. Our suggestion that the capital be authorized at $400 million appears to be a very common sense level at which to leave it. It allows $30 million of additional capital over the $370 million Air Canada asked for in its own projections.

Air Canada claims it can run the airline at a profit. In fact, by 1981 Air Canada says it can have the $70 million worth of retained earnings to which I referred earlier, so that leaves Air Canada with $440 million of capital and retained earnings at that point. Again I would like to point out that Air Canada's total assets would then be about $1.26 billion. That is what Air Canada claims. If that is so, having a capital of well over 40 per cent of its total assets is, I think, completely adequate.

The first thing we are asking for in motion No. 3 is that the government accept a lower authorized capital level of $400 million as opposed to the $750 million the government is proposing as a safeguard, and if more capital is needed for some reason in future years, let the government come back through the same route it is taking today and ask for the additional capital. In its wisdom, at that time parliament may or may not allow it; but why leave it to the government of the day to be able to hand out that additional capital with no further reference to this parliament?

We do not contemplate any gigantic dividends as far as the capital is concerned. The projections show a 4 per cent dividend running through to 1981. Now, 4 per cent with inflation running at 8 per cent is almost a laugh. It is a laugh if there is any serious intention on the part of the minister to make this stock in Air Canada saleable to private interests at some future date.

Speaking of making the stock saleable to private interests, this brings me to the second part of motion No. 3. As I indicated, we are proposing that the shares in Air Canada have a $10 par value as opposed to the $1,000 which the minister is suggesting. I do not think this is an unreasonable request, because presumably in the wisdom of C. D. Howe the present shares of Air Canada are $100. If there is any serious consideration on the part of the minister to allow Air Canada to be owned partly by private interests, why would the government raise the par value of the shares from $100 to $1,000? Our suggestion is to lower the par value to $10, and then perhaps some of the ordinary investors in this country would have an opportunity to buy some of those shares, if they are ever saleable, instead of having to put up $1,000 for just one share in the airline.

That is the thrust of motion No. 3. We are simply saying that Air Canada should be realistic with regard to its authorized capital. Four hundred million dollars is $30 million more than it is contemplated will be needed over the next five years. We say the par value of shares should be $10, so that ordinary investors will be able to buy them, if there is a serious intention to make them available, instead of selling them at $1,000.

Motion No. 4 deals essentially with the question of how realistic we are in assuming that Air Canada shares might be saleable to the private sector at some future date. As I indicated, the balance of clause 10 in Bill C-3 deals with the

present transferability of the shares of Air Canada. There is no doubt that the shares of Air Canada can be registered only in the name of the Minister of Finance, on behalf of Her Majesty, and from there they are non-transferable. Subclause (4) of clause 10 makes it clear that no shares of the corporation may be issued otherwise than is expressly authorized by this bill.

It is fundamental to the belief of our caucus that wherever possible Crown corporations should be put back into the private sector if that is a viable thing to do. That is why we are suggesting that in recapitalizing Air Canada we should make meaningful provisions to have that restoration built into the legislation, without having to come back to parliament to get special legislation at a future date. In that connection I would like to read subclause (4) as it would read should the amendments in motion No. 4 go through. At the present time, clause 10(4) provides:

No shares of the corporation may be issued otherwise than as expressly authorized by this act.

We propose to add these words:

—but shares so issued are transferable in accordance with section 47 of the Canada Business Corporations Act.

Section 47 of the Canada Business Corporations Act allows the transfer of shares in the general course of affairs. In short, we are saying that there should be realistic authorized capital. Let us put that authorized capital into a denomination which the average Canadian investor might buy at some future time. Finally, let us make sure, through motion No. 4, that the shares are transferable at some future date into private hands as opposed to having to stay in the hands of the Minister of Finance.

If the government persists and votes down our suggested amendment, it has no serious intention of allowing Air Canada to go back into the private sector with respect to even one share. If that is so, let us smoke the government out today. I think it is great for the Minister of Transport to give wonderful assurances about the government's thinking about the private sector and about how it might put Air Canada's share ownership back into the private sector, but if he accepts our amendment it will do very much more in a concrete way to demonstrate the earnest desire of the government than any rhetoric the minister might put into the pages of *Hansard*.

● (1722)

Mr. Lang: Mr. Speaker, I suppose I always have to rise to a challenge to be smoked out by the hon. member for York-Simcoe (Mr. Stevens). I should say that the authorized capital proposed in the bill is the result of very serious consideration by Air Canada and the government, particularly the Minister of Finance, as to the appropriate figure. Like a good solicitor trying to assure that a corporation has adequate power, this figure was arrived at.

On the other issue of the smaller value of shares and ability to sell them, I have indicated the possibility of this at some point. The whole direction to Air Canada is to operate in such a way that it would be in a position to appeal to the market at some time. At that time it would be a fundamental issue and, as the hon. member for York-Simcoe may realize, it would be treated as a very fundamental issue by some of his colleagues to his left. It is probably fair to deal with the issue as a whole issue when it arises.

Many features of the Air Canada Act would have to be reconstructed for adequate transfer of those shares to the private sector. It seems desirable, therefore, to leave that issue for another day when this House can come to grips with it and decide if Air Canada has been able to operate in such a way that it is seen as a viable investment and able to offer its shares. I therefore recommend that hon. members not support this motion.

The Acting Speaker (Mr. Ethier): Order, please. The question is on motion No. 3 in the name of the hon. member for York-Simcoe (Mr. Stevens). All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to Standing Order 75(11), the recorded division on motion No. 3 stands deferred.

Is it the pleasure of the House to adopt motion No. 4 in the name of the hon. member for York-Simcoe? All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Stevens: On a point of order, Mr. Speaker, it would be agreeable to us to have the vote on motions Nos. 3 and 4 put at the same time when we take the deferred votes. In other words, one vote on those two motions.

The Acting Speaker (Mr. Ethier): Is it agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Motions Nos. 3 and 4 will be grouped for voting. Call in the members.

The House divided on motion No. 1 (Mr. Knowles, Winnipeg North Centre) which was negatived on the following division:

● (1732)

(Division No. 5)

YEAS

Messrs.

Blackburn
Broadbent
Jones
Knowles (Winnipeg North Centre)
Leggatt
McRae
Nystrom
Orlikow
Peters
Saltsman
Symes—11.

NAYS

Messrs.

Abbott
Alexander
Allard
Andras (Port Arthur)
Andre (Calgary Centre)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Grenville-Carleton)
Balfour
Basford
Bawden
Beatty
Beaudoin
Béchard
Blais
Breau
Brisco
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Caouette (Villeneuve)
Caron
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Collenette
Comtois
Corbin
Corriveau
Côté
Crouse
Cullen
Cyr
Darling
Daudlin
Dawson
Dinsdale
Dionne (Kamouraska)
Douglas (Bruce-Grey)
Drury
Dupras
Duquet
Ellis
Elzinga
Epp
Ethier
Faulkner
Flynn
Foster
Francis
Fraser
Friesen
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Gillies
Goodale
Goyer
Gray
Guay (Lévis)
Guilbault
Haidasz
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Harquail
Herbert
Hnatyshyn
Holt (Mrs.)
Hopkins
Horner
Huntington
Hurlburt
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kempling
Knowles (Norfolk-Haldimand)
Korchinski
Lajoie
Lalonde
Lambert (Bellechasse)
Lambert (Edmonton West)
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Laprise
La Salle
Lavoie
Lawrence
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Maine
Malone
Marchand
Martin
Masniuk
Mazankowski
McCain
McGrath
McIsaac
McKenzie
McKinley
McKinnon
Muir
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Murta
Neil
Nicholson (Miss)
Nielsen
Nowlan
Oberle
Paproski
Parent
Patterson
Pearsall
Penner
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Poulin
Railton
Reid
Ritchie
Roberts
Robinson
Roche
Rompkey
Rondeau
Rooney
Roy (Laval)
Sauvé (Mrs.)
Schellenberger
Schumacher
Sharp
Skoreyko
Smith (Saint-Jean)
Stanfield
Stevens
Stewart (Marquette)
Stewart (Cochrane)
Stollery
Tessier
Towers
Trudeau
Trudel
Turner
Watson
Wenman
Whiteway
Whittaker
Wood
Woolliams
Yanakis
Yewchuk
Young—171.

● (1742)

Mr. Speaker: The next question is upon motions Nos. 2 and 5.

The House divided on motions Nos. 2 and 5 (Mr. Stevens) which were negatived on the following division:

(Division No. 6)

YEAS

Messrs.

Alexander
Allard
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Balfour
Bawden
Beatty
Beaudoin
Brisco
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crouse
Darling
Dinsdale
Dionne (Kamouraska)
Ellis
Elzinga
Epp
Fraser
Friesen
Gillies
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hnatyshyn
Huntington
Hurlburt
Jarvis
Jelinek
Johnston
Jones
Kempling
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Bellechasse)
Lambert (Edmonton West)
Laprise
La Salle
Lawrence
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Malone
Masniuk
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Oberle
Paproski
Patterson
Pigott (Mrs.)
Ritchie
Roche
Rondeau
Schellenberger
Schumacher
Skoreyko
Smith (Churchill)
Stanfield
Stevens
Stewart (Marquette)
Towers
Wenman
Whiteway
Whittaker
Woolliams
Yewchuk—75.

NAYS

Messrs.

Abbott
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Basford
Béchard
Blackburn
Blais
Breau
Broadbent
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Caron
Clermont
Collenette
Comtois
Corbin
Corriveau
Côté
Cullen
Cyr
Daudlin
Dawson
Douglas (Bruce-Grey)
Drury
Dupras
Duquet
Ethier
Faulkner
Flynn
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay (Lévis)
Guilbault
Haidasz
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Joyal
Knowles (Winnipeg North Centre)
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Lavoie
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Leggatt
Lessard
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
Maine
Marchand
Martin
McIsaac
McRae
Munro (Hamilton East)
Nicholson (Miss)
Nystrom
Orlikow

Messrs.

Parent
Pearsall
Penner
Peters
Philbrook
Pinard
Portelance
Poulin
Railton
Reid
Roberts
Robinson
Rompkey
Rooney
Roy (Timmins)
Roy (Laval)
Saltsman
Sauvé (Mrs.)
Sharp
Smith (Saint-Jean)
Stewart (Cochrane)
Stollery
Symes
Tessier
Trudeau
Trudel
Turner
Watson
Wood
Yanakis
Young—109.

● (1752)

Mr. Speaker: I declare the motions lost. The next question is upon motions Nos. 3 and 4.

The House divided on motions Nos. 3 and 4 (Mr. Stevens) which were negatived on the following division:

(Division No. 7)

YEAS

Messrs.

Alexander
Allard
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Balfour
Bawden
Beatty
Beaudoin
Brisco
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crouse
Darling
Dinsdale
Dionne (Kamouraska)
Ellis
Elzinga
Epp
Fraser
Friesen
Gillies
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hnatyshyn
Huntington
Hurlburt
Jarvis
Jelinek
Johnston
Kempling
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Bellechasse)
Lambert (Edmonton West)
Laprise
La Salle
Lawrence
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Malone
Masniuk
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Oberle
Paproski
Patterson
Pigott (Mrs.)
Ritchie
Roche
Rondeau
Schellenberger
Schumacher
Skoreyko
Smith (Churchill)
Stanfield
Stevens
Stewart (Marquette)
Towers
Wenman
Whiteway
Whittaker
Woolliams
Yewchuk—74.

NAYS

Messrs.

Abbott
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Basford
Béchard
Blackburn
Blais
Breau
Broadbent
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Caron
Clermont
Collenette
Comtois
Corbin
Corriveau
Côté
Cullen
Cyr
Daudlin
Dawson
Douglas (Bruce-Grey)
Drury
Dupras
Duquet
Ethier
Faulkner
Flynn
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay (Lévis)
Guilbault
Haidasz
Harquail
Herbert

Messrs.

Holt (Mrs.)
Hopkins
Horner
Isabelle
Jones
Joyal
Knowles (Winnipeg North Centre)
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Lavoie
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Leggatt
Lessard
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
Maine
Marchand
Martin
McIsaac
McRae
Munro (Hamilton East)
Nicholson (Miss)
Nystrom
Orlikow
Parent
Pearsall
Penner
Peters
Philbrook
Pinard
Portelance
Poulin
Railton
Reid
Roberts
Robinson
Rompkey
Rooney
Roy (Timmins)
Roy (Laval)
Saltsman
Sauvé (Mrs.)
Sharp
Smith (Saint-Jean)
Stewart (Cochrane)
Stollery
Symes
Tessier
Trudeau
Trudel
Turner
Watson
Wood
Yanakis
Young—110.

● (1802)

Mr. Speaker: I declare motions Nos. 3 and 4 lost.

● (1812)

Hon. Otto E. Lang (Minister of Transport) moved that Bill C-3, respecting the reorganization of Air Canada, as reported (with amendments) from the Standing Committee on Transport and Communications, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Speaker: When shall the bill be read a third time?

Mr. Baker (Grenville-Carleton): By leave, now.

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

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I do not think this bill should escape further comment on third reading, albeit it was before us in the past session and is with us again.

Mr. Speaker: Perhaps the hon. member may be permitted a short delay in order to catch his breath while the House reorganizes itself. Hon. members who wish to leave the chamber might do so quickly and quietly in order to permit the intervention of the hon. member for Edmonton West (Mr. Lambert).

Mr. Lambert (Edmonton West): Mr. Speaker, it is not that they are leaving; it is the fact that they leave noisily that bothers us.

There are many features of this bill which I think commend themselves to this House. The amendments upon which we voted were matters of importance; they were part of the basic

principle of the reorganization of Air Canada. But generally all of us welcome the intention of the bill and the features of the bill as they now have been passed. We cannot change it. I am sorry that the House could not see its way clear to accepting some of the amendments, but the decision having been made, I will not deal with them any further.

Having been a steady passenger on Air Canada for some 20 years now, I hope that this bill will permit Air Canada to put its operations on a more efficient administrative basis. There are areas of administration which many of us could say could be more efficiently run, but this bill should allow the administration to organize itself better, more efficiently and to be able to cope in a very competitive world.

Air Canada is our flag line, and we are competing with nationally-owned or publicly-owned airlines all over the world. On the other hand, there are some notable exceptions to that. These lines provide effective competition, and that is as it should be.

One thing, however, which I find very difficult to accept is that, as taxpayers, Canadians have to make up the losses in the operations of Air Canada, and they must also subsidize to a great extent the competition that exists abroad, with their domestic fare rates. I find it totally indecent, for instance, that Air Canada's fares from Ottawa to Edmonton and back, plus the charges of the Ministry of Transport, should now cost some $346 on an economy fare. On the other hand, my good friend, Max Ward, of Wardair can take people from Edmonton and Calgary to Hawaii, a far greater distance, for much less money. As a matter of fact, the fare runs anywhere from $229 to $319 return to Hawaii during the winter season.

• (1817)

It seems to me absolute nonsense to prohibit domestic charter fares. Air Canada has been resisting them. People in eastern Canada should recognize the fallacy of this insistence by bureaucrats of the air transport committee which implements government policy and protects both Air Canada and CP Air. It is far cheaper for Canadians to travel south to Florida in the winter and for western Canadians to ski in Colorado and Montana or to go south to Hawaii or Arizona. Is it any wonder that we have a $4 billion deficit in the tourism account? The government's policy drives Canadians out of the country. This is the most nonsensical aspect of air transport policy in Canada today.

The Minister of Industry, Trade and Commerce (Mr. Horner) decries the size of our tourism deficit, but that is not the only reason for high domestic air fares in Canada. Mr. Speaker, we have beautiful and very efficient ski resorts in Alberta and British Columbia, but it is cheaper to fly from population centres in central Canada to Europe than to Banff or Jasper and, of course, it is even more expensive to go to British Columbia ski resorts.

The parks department has a companion policy which insists that Jasper be left to the bears. This policy will not permit construction of adequate accommodation at the ski slopes. Apparently, people are not supposed to ski or enjoy themselves in winter. They can go to Montana or Aspen, Colorado, but not to the Canadian mountains. In this way we pile up the deficit in the tourism account. The combination of the policy of the national parks with regard to Jasper and Banff, ski development in British Columbia, and the policy regarding domestic air fares, results in Canadians going abroad to ski. They go to Europe. I know people from Edmonton and Calgary who find it cheaper to ski in Austria or Switzerland.

We have some sort of blind spot, Mr. Speaker, and usually it is "made in Ottawa" at the bureaucratic level. The ministers do not help. The Minister of Indian Affairs and Northern Development (Mr. Faulkner), who is in charge of our national parks, says he made an inspection of an inn on the west coast of Vancouver Island, at Long Beach, and has confirmed that it shall be closed in order to become some sort of interpretive centre. That is some bureaucratic nightmare!

• (1822)

There we have one of the aspects with regard to Air Canada. Let us see how we can cure that. It does not have to be knocked all the time. Let us have air facilities in the country to accommodate the passengers, who are the important people because they pay the shot.

I should like to refer to the antiquated airport here in Ottawa. When it rains or snows, we throw everyone to the elements. There has been nothing done to accommodate them. We have seen cattle, pigs and various domestic animals going through the pens at the abattoirs or feedlots. Those animals have ample room compared to what passengers are faced with at some of the Canadian terminals. What is being done about this?

The decision of the Treasury Board some weeks ago to reject alterations and expansions which have been before the department for three years is of concern to myself and other hon. members from the Edmonton area. Those alterations and expansions have been cut. That is an utterly stupid decision. The Edmonton air terminal was designed for 1.2 million people. It already carries a capacity of two million people a year. The Commonwealth Games are coming up. The lack of capacity is not the fault of the terminal designers who worked on the project back in the fifties or early sixties. No one dreamed of a 1011 or a 747 back in those days.

The Minister of Transport (Mr. Lang) should be informed of what happens when a 747 overseas charter flight arrives at the Edmonton airport. The immigration and customs facilities are a disgrace. Those facilities can handle a D-9 or a stretched DC-8. I suppose the maximum number of passengers that could be handled would be those from a 727. Those facilities are taxed to the limit and baggage handling is chaotic. The Department of Transport occupies a good portion of that building. Can we get them out of there in order for the portion of the building they occupy to be used for passenger service? The answer is no. The $28 million program was cut back to $5.6 million. That program is for some outside cosmetic work, and it is taking an eternity.

• (1827)

The Montreal Olympics were fine. We in western Canada look forward to the Commonwealth Games. We expect to attract a lot of people. We hope they will come and go, leaving us with a good taste in our mouths. The worst thing you can do to air passengers is crowd them, mishandle their baggage, slow their processing through the airport and have a long and tedious processing through customs and immigration. Do that, and you have lost them.

Mr. Munro (Esquimalt-Saanich): That is the way to make friends!

Mr. Lambert (Edmonton West): As the hon. member for Esquimalt-Saanich (Mr. Munro) says, that is the way to make friends! Canada needs every friend it can get from abroad. The $2 billion tourism deficiency has to be cut down, not only by Canadians travelling a bit more in Canada, which they should do, but by attracting more foreigners to this country to compensate for all the Canadians who go abroad.

Everyone possible has approached the Minister of Transport. He may be in some sympathy with this; I do not know. The Minister of Transport has never been known as Edmonton's best friend. Treasury Board cut back the program. It was interesting to read the comments in the papers the other day following a delegation of the air services committee of the Edmonton area which met with the Minister of Industry, Trade and Commerce, who feels his way around like a new boy, saying "Yes" to everybody. According to newspaper reports, he agreed with every proposition made by the air services committee. I ask that minister now, and I will do this again later, whether he agrees with the position of Treasury Board. Does he agree with the acceptance by the Minister of Transport of the decision of Treasury Board with regard to the Edmonton airport?

This afternoon the Minister of Transport indicated to me that this was a short-run decision. However, we have had short-run decisions twice before. Those facilities are now costing well over 50 per cent more than originally proposed. That, again, is false economy.

I compare that decision to cut back with the $150 million plus that was spent on Mirabel or Calgary where they are now in a position to put in pre-clearance. Pre-clearance, which has been negotiated now for the past several years, will not be instituted in Edmonton for some years to come if we follow the program of the Department of Transport with regard to that airport.

The Ministry of Transport should get off its collective duff and take a stand with regard to Treasury Board.

I hope the Minister of Transport, assisted by the Minister of Industry, Trade and Commerce, will state publicly that they will do everything they can to see that these alternations and improvements are financed. Then we will see how Air Canada will develop. On the basis of this development, getting more passenger miles and greater utilization of aircraft, we will see a more successful operation. It will help CP Air as well. That is one aspect of Canadian industry which we wish the greatest success; but it has to start with government policy. Notwithstanding the good measures contained in this bill, I regret that Treasury Board and Transport have put a wet blanket on the potential of Air Canada.

May I call it 6:30, Mr. Speaker?

* * *

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. Could the deputy House leader indicate what we will be doing tomorrow?

• (1832)

Mr. Cafik: Yes, Mr. Speaker. If it is not possible to conclude third reading of this measure tonight, it is the intention to continue with this item tomorrow in the hope it can be given early passage. After that—this is a tentative proposal,—we would consider the Canada Labour Code. If there is any change in that arrangement, I will inform the House leaders tomorrow morning so that they can make the appropriate adjustments.

While I am on my feet, I wonder whether there would be disposition, since the hon. member has completed his speech, to deal with this measure tonight. We could then go on with other matters tomorrow.

Mr. Lambert (Edmonton West): I have not finished.

Mr. Cafik: I am sorry. I did not realize that.

Mr. Deputy Speaker: It being 6.32 p.m., this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 6.32 p.m. the House adjourned, without question put, pursuant to Special Order.

HOUSE OF COMMONS

Thursday, November 3, 1977

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED CONFUSION CONCERNING DIRECTION OF FORCE—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. In view of the extreme importance of the administration of justice and in view of the provision in Section 5 of the Royal Canadian Mounted Police Act which clearly states that the Commissioner of the Royal Canadian Mounted Police under the direction of the minister has the "control and management" of the police while the "direction" of the force is under the minister whose jurisdiction is also defined in Section 4 of the Solicitor General's Act, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Prime Minister cease confusing the responsibility of himself and his ministers for direction of the force with the entirely different matter of the day to day operations so clearly invested in the commissioner under his mandate for control and management.

Mr. Speaker: Order, please. Presentation of such a motion for discussion pursuant to Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: No!

REQUEST FOR TABLING OF CABLES CONCERNING BREAK-IN AT L'AGENCE DE PRESSE LIBRE FROM MR. STARNES TO FORCE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That all the cables exchanged between the then Director General of Security Services Mr. John Starnes and the RCMP officials in Montreal concerning the break-in at the offices of L'Agence de Presse Libre in the fall of 1972 be tabled.

Mr. Speaker: Presentation of such a motion for debate pursuant to Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: No!

SUGGESTION MR. STARNES TESTIFY BEFORE COMMITTEE—MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, I rise under the provisions of Standing Order 43. Since the Solicitor General (Mr. Fox), on Monday of this week, indicated to this House that the illegal break-in had been "authorized by the most senior level of the RCMP, and that was by the person holding the rank of Director-General"—Mr. John Starnes, and since, in a telegram dated October 12, 1972, Mr. Starnes stated to RCMP Inspector J. L. Forrest that "He should be informed in advance of such action in this pre-election situation, and that he would want to know the extent of our involvement before giving advice to the Minister and Prime Minister", and since Mr. Starnes resigned on March 7, 1973, while the government claims not to be aware of any illegal security operations until 1976, even though further illegal acts are alleged to have occurred in early 1973, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the former Director-General of Security and Intelligence Services, Mr. John Starnes, be immediately invited to testify before the parliamentary Committee on Justice and Legal Affairs, in order that parliament and the people of Canada may have a complete understanding of ministerial awareness and responsibility for these illegal acts.

Mr. Speaker: Standing Order 43 requires unanimous consent for the presentation of such a motion. Is there unanimous consent?

Some hon. Members: No!

[*Translation*]

RECOMMENDATION THAT McDONALD COMMISSION ACCELERATE ITS WORK—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that the RCMP has now fallen into discredit following the disclosure of illegal acts for which it is responsible—I am saying responsible because I do not want to say guilty, because it must be deemed innocent until proven guilty—and that the Canadian public will naturally be distrustful of the RCMP because of all the publicity surrounding this debate in the House of Commons, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House recommend to the Solicitor General to urge the McDonald Commission, which is currently investigating the RCMP, to accelerate its work in order to shed light on all the illegal break-ins which were dealt with in the House and reassure the Canadian public.

Electronic Devices

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ENERGY

PROPOSED REFERENCE TO COMMITTEE OF AGREEMENT WITH UNITED STATES ON CONSTRUCTION OF NORTHERN PIPELINE—MOTION UNDER S.O. 43

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I rise under the provisions of Standing Order 43 to put a motion on a matter of urgent and pressing necessity dealing with the construction of the pipeline.

In the absence of any guarantees for Canadian producers and in light of the very serious statements made by United States Senators Durkin, Jackson and Stevens, members of the United States Senate Energy Committee to the effect that they oppose any favourable or preferential treatment for Canada and Canadian producers regarding the supply of pipe which now raises very serious questions about the agreement entered into by Canada and the United States of America, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

● (1412)

That the agreement dated September 20, 1977 between Canada and the United States of America on principles applicable to a northern natural gas pipeline, be referred to the Standing Committee on External Affairs and that that Committee be instructed to report on the adequacy of the said agreement in terms of benefit to Canada and Canadian producers.

Mr. Speaker: Such a motion can be presented for discussion only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

INQUIRY INTO RESPONSIBILITY FOR PLACING ELECTRONIC DEVICE IN OFFICE OF MEMBER FOR CENTRAL NOVA—MOTION UNDER S.O. 43

Mr. Peter Stollery (Spadina): I rise under Standing Order 43 to move a motion of urgent and pressing necessity which arises out of recent events put before the House by the hon. member for Central Nova (Mr. MacKay). Mr. Speaker, I move, seconded by the hon. member for York East (Mr. Collenette):

[Mr. Lambert (Bellechasse).]

That this House bring all of its resources to bear to discover what person or persons conspired to place that electronic device in the hon. member's office, and more specifically, whether any private detective agency was involved directly or indirectly in the placing and the discovery of such a device; if yes, who that agency was, how much money was involved and where that money came from;

Some hon. Members: Yes, yes.

Mr. Stollery: My motion continues:

why the hon. member for Central Nova did not delay publicizing the bug in his office, which apparently had a time limit of only 72 hours, in order to permit adequate surveillance which would have surely trapped the person or persons involved in the bugging operation.

Some hon. Members: Agreed.

Mr. Speaker: Order, please. A motion presented at this time can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has given its consent to the presentation of this motion. The motion having now been presented, is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Baker (Grenville-Carleton): You will be in the back benches in the House forever.

Some hon. Members: Oh, no!

An hon. Member: You will be back there with Goodale forever.

* * *

VETERANS AFFAIRS

REQUEST FOR INCREASE IN PENSIONS AND COMPENSATION FOR PRISONERS OF WAR—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I feel sure that the House will agree with the motion I shall present, and I hope that like the previous motion it will be supported. I therefore move, under the provisions of Standing Order 43, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House calls on the Minister of Veterans Affairs in preparing the statement he intends to make next Thursday, November 10, in recognition of Remembrance Day, to include therein not just words of praise for our veterans, but an announcement of legislation to raise the basic rate of the war disability pension, to improve the position of veteran's widows, and to grant the prisoner of war compensation to the fewer than two hundred surviving Canadian veterans who were prisoners of war during World War I.

Some hon. Members: Hear, hear!

Mr. Speaker: Such a motion can be presented to the House for discussion pursuant to Standing Order 43 only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PERSON RESPONSIBLE FOR ENSURING SECURITY SERVICE OPERATES WITHIN LAW—ACTION TO ENSURE ADHERENCE TO LAW

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Prime Minister who demonstrated his capacity yesterday as an artful dodger.

Some hon. Members: Oh, oh!

Mr. Clark: As the House knows, the fundamental question at issue here is ministerial responsibility.

Some hon. Members: Hear, hear!

● (1417)

Mr. Clark: I want the Prime Minister to tell the House of Commons now who in his government accepts responsibility for ensuring that security services operate within the law and follow the mandate given to them by the government. In other words, who in cabinet polices the security service?

Right Hon. P. E. Trudeau (Prime Minister): The Solicitor General and myself as Prime Minister.

Mr. Clark: What specific or active actions other than simply passively listening to briefings did the Prime Minister and the solicitors general of the day take prior to the issuing of the mandate prior to March, 1975 and what active procedures are now taken by the Prime Minister and the Solicitor General to ensure that the security service operates within the law and to ensure that the mandate that was spelled out in March, 1975 is honoured and respected in practice by the security service? Will the Prime Minister spell out the actions he takes to ensure that the law and the mandate are respected?

Mr. Trudeau: Mr. Speaker, the Solicitor General in his answers to the House, and in his statement on Friday, indicated several actions which have been taken. Most of them originated with the first discovery by government that an illegal and what we thought at that time isolated act had been taken by the RCMP. Since all kinds of indications have been given to the RCMP, active searches of their files on specific incidents, whether spurious, imagined or real put forth by the opposition or other people have been followed up. Of course, each time an action was discovered which might have an aspect of illegality, reference was made to the McDonald Royal Commission of Inquiry which was set up last July I believe and to the attorney general of the province in which the suspected action had been taken with a view to that attorney general deciding under our laws whether a prosecution was warranted or not.

Some hon. Members: Hear, hear!

PERSON RESPONSIBLE FOR SURVEILLANCE OF PARTI QUÉBÉCOIS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I assume in carrying out this responsibility, which he has now admitted is his and that of the Solicitor General, when the Prime Minister learns of something that he thinks is improper he makes an inquiry to determine how that wrong act got started. Specifically, since the Prime Minister has gone to such great pains claiming credit for stopping the security surveillance of the Parti Québécois, will he now tell the House of Commons who started that surveillance of the Parti Québécois? Under whose authority was the major policy decision taken to put a legal political party under what the Prime Minister calls systematic surveillance?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the order was given by us not to pursue systematic surveillance. That order was given as a result of a discussion in cabinet committee and a report to the cabinet committee by the security service that they were trying to follow the mandate that we had earlier given to them following the October, 1970 crisis. They were trying to find out more about sources of violence within the ranks of the separatists. It came to light at one point, as I said, at the end of 1974 or early 1975 that in order to discharge this perfectly legitimate mandate, and I am sure even the Leader of the Opposition agrees with that, they had systematically begun a surveillance of a democratic party. It was a matter not without importance and consideration. We discussed it in the cabinet committee on security.

After due reflection, we found that this action was improper and asked them not to pursue it. This is indeed what happened. With regard to the extent to which it had been pursued previous to that direction being given and the results that had been obtained, that is the security or otherwise information they had gotten on this particular party, as I told an hon. member opposite yesterday, I did not find it legitimate for me as leader of another political party to ask what they had found out or to give me their files. I said whatever you have, we do not want to see it or hear about it and we do not want you to continue.

Some hon. Members: Hear, hear!

● (1422)

Mr. Clark: We now have a partial answer as to who started it. The partial answer is, "They started it." We want to know who are "they". Who took the decision to start the systematic surveillance of the Parti Québécois and under what direction from the cabinet? Under what general policy did those persons think they were acting when they took that initiative?

Mr. Trudeau: I did give an answer. I will repeat it. They were acting under the mandate they had from this government—

An hon. Member: They?

Mr. Trudeau: The RCMP security service were acting under the mandate they had from this government to try to discover terrorists or investigate suspected acts of subversion. That was the mandate they had under previous governments and which they still have under mine.

We discovered, as the House discovered, only in recent days and weeks, that the security service had entered into an act which might be deemed to be illegal. At that point we turned that matter over to the Attorney General of the province. I repeat, as was indicated in the House by myself and by the Solicitor General several times, that these initiatives were taken by the security service, by the Director-General and by the officers of that service at the highest level.

ACTION BY PRIME MINISTER TO ENSURE SECURITY SERVICE OPERATED WITHIN MANDATE

Mr. Joe Clark (Leader of the Opposition): The Prime Minister has said, he has admitted, they were operating under a general mandate from the government. Is he telling the House of Commons that he took no steps to ensure that the general mandate flowing out of the circumstances of 1970 was not being interpreted by the security services in a way which would lead to the surveillance of a legitimate political party? Did he simply sit back passively and not interest himself in the way in which that mandate was being carried out in practice?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): I told the House yesterday that we were having periodic meetings with the security service and that they were informing us as to possible sources of subversion they were discovering. They were acquainting us with facts which they thought the cabinet or the Solicitor General or the Prime Minister should know. At one point it became clear that they were interpreting their mandate as the surveillance of a political party. They did it either in discussion or in asking us whether this was all right or in suggesting that this was what they wanted to do. They did not at any point tell us they had secret lists or that they had broken in anywhere to get secret lists.

When we discovered this was the way they were then interpreting the mandate—and, I repeat, we had had a series of briefings over the years—at the first point in the briefings at which it became apparent they were doing a certain thing that we thought objectionable, we asked them to stop.

Some hon. Members: Hear, hear!

[Mr. Clark.]

INQUIRY WHETHER GUIDELINES FOR SECURITY SERVICE WERE INTERPRETED

Hon. Robert L. Stanfield (Halifax): Yesterday, the Prime Minister told the House that following the events in Quebec in 1970 the government modified the mandate of the RCMP or the security forces. He said, and I quote, "I directed the RCMP to pay a little more attention to internal subversion caused by ideological sources in Canada." I should like to ask the Prime Minister whether, at the time those directions were given, the meaning of "internal subversion caused by ideological sources in Canada" was interpreted for the security service of the RCMP by the government, whether the directive was in writing and, if these were written directions, whether the Prime Minister would table them in the House.

Right Hon. P. E. Trudeau (Prime Minister): I can easily answer the first part of the question. The House will remember that in October, 1970 we had come to a crisis because of actions of the FLQ. That had arrived after a series of bombings, train derailments, looting of arsenals and so on.

Mr. MacDonald (Egmont): Apprehended insurrection.

Mr. Trudeau: As the hon. member from Prince Edward Island correctly says, apprehended insurrection.

• (1427)

Mr. MacDonald (Egmont): That is not the way I voted.

Mr. Trudeau: If the hon. member now wants to leave his party, he can always leave his party. It has happened before, Mr. Speaker, and it might happen again.

Some hon. Members: Hear, hear!

Mr. Trudeau: To get back to the question of the hon. member for Halifax, it is obvious that in that context we are telling the police, as I believe they felt themselves, that the information they had on terrorism in the name of separatism was not sufficient. We gave them in discussion directives to increase and accelerate their surveillance and the nature of their intelligence in that particular area.

The hon. member wants to know if I can table this. This is obviously a direction which was given in cabinet. Whether it was incorporated in the precise record of decision, I do not know. Certainly, we would not table cabinet discussions or decisions in parliament, but let me tell the hon. member that this is what we decided and the wording of any particular RD may be secondary.

Mr. Stanfield: Mr. Speaker, I would hardly think it would be surprising to the Prime Minister anymore than to me if the RCM Police had some doubts as to what is meant by internal subversion caused by ideological sources. This might well lead to surveillance of a democratic party such as the Parti Québécois. Having clearly said yesterday that the government of the day is certainly responsible for the scope and mandate of the operations of the security force, how can the Prime Minister possibly maintain that he discharged his responsibility as

Prime Minister at that time by giving what appears to be a rather vague direction to the security force which could very well have been interpreted by them in a very broad fashion? Unless the Prime Minister is prepared to show the House that the mandate was quite precise at that time, he will have to accept the interpretation which I am putting on this.

Mr. Trudeau: Well, Mr. Speaker, I would want to read the blues because the hon. member for Halifax said something which I may not have understood correctly. I understood him to say that my concept of internal subversion may well have led to the surveillance of the Parti Québécois. If this is his feeling, then he has the explanation why the police decided to exercise surveillance of the Parti Québécois. They had the same conclusions as the hon. member for Halifax. I have told him that this was not in our mind, and when we discovered that this was being done we, contrary presumably to the hon. member for Halifax, would say that this is not a form of internal subversion, this is a democratic party.

Mr. Stanfield: Mr. Speaker, in view of the Prime Minister's acceptance yesterday of responsibility for the scope of security operations, how can the Prime Minister evade responsibility for his failure to define precisely the meaning of internal subversion, which not only I but many others would interpret, perhaps in the circumstances, as including the operations of the Parti Québécois? How could he personally say that he discharged his responsibilities by making clear to the police that this does not include the operations of such a democratic party?

Mr. Trudeau: Obviously, Mr. Speaker, there is a difference of view, here.

Mr. Alexander: Yours is wrong.

Mr. Trudeau: The hon. member for Hamilton West says that mine is wrong. He disagrees with me and perhaps he agrees with the hon. member for Halifax, but let him hear my answer and then he will be able to decide what is right and what is wrong after he knows the facts. The hon. member for Halifax presumes it would follow, if one is going to look at internal subversion, that you would conduct a surveillance of a democratic party.

● (1432)

An hon. Member: It could follow.

Mr. Trudeau: In our minds it did not. In my answer earlier I indicated that internal subversion was spelled out in the guidelines mentioned to the House by the Solicitor General on Friday. I have already indicated that it was the kind of subversion which might come from the use of violence or other illegal acts by any person. Obviously, if they were looking at separatists, it would make sense—and perhaps here I would agree with the hon. member for Halifax—that they would look at known separatists. I do not see anything objectionable to this. It is not objectionable that they would look at members of any party, whether it be the Conservative Party or a separatists party, who deserved surveillance for some reason. All I am saying is that it should not be systematic surveillance of the party as such, and I understand the hon. member for Hamilton West disagrees with this.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

PRIME MINISTER'S GUIDELINES TO MR. STARNES CONCERNING ILLEGAL ACTIVITIES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a related question for the Prime Minister concerning the actions of Mr. John Starnes, a man whom I understand was appointed to his position at the personal recommendation of the Prime Minister. He said in a cable, which was sent to RCMP officials in Montreal some six days after the break-in of L'Agence de Presse Libre du Québec, "In this pre-election situation", he would not recommend this kind of action, and he also said "pre-election times". That would seem to fit in with the Prime Minister's interpretation of the rule of law, fitting in with the sort of spirit of the times attitude. I should like to ask the Prime Minister, with specific reference to Mr. John Starnes and his responsibilities, did he ever indicate that such illicit operations would not be acceptable, or conversely, with regard to Mr. Starnes, did he personally ever make it clear that they would not be tolerated?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. Leader of the New Democratic Party is referring to a telegram which was tabled before the Keable Commission in Quebec. That telegram related to a specific event. In order to find out how that event had come about, the break-in at APLQ, Mr. Starnes was, with some indignation as the telegram indicates, saying: "What did you do this for? I want to find out more". His words were: "I needed, in order to decide how best to deal with the matter in terms of the Prime Minister and the minister, both of whom have received representations from the APLQ and their associates"—

An hon. Member: You are reading it. Table it.

Mr. Trudeau: The answer is contained in these words themselves. Mr. Starnes wanted to know how to deal with this subject because the Solicitor General at the time had been asking how he would answer the telegram sent to him by the members of the APLQ. Mr. Starnes was asking his subordinates for information about it in order that he would be able to direct how to answer it. How that was answered was stated some time ago when I believe the present Solicitor General dealt with those matters last spring.

BREAK-IN AT L'AGENCE DE PRESSE LIBRE—REPLY TO MR. STARNES' CABLE OF OCTOBER 12

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I am prepared in this instance to accept that the Prime Minister did not understand the question as I put it. The question I

asked him was: Did the Prime Minister ever convey to Mr. Starnes, after he got the position which he got, that illicit operations of the kind which took place at L'Agence de Presse Libre would be absolutely unacceptable to the government? Did he say or indicate in manner or attitude that it is quite possible the government would accept such illicit operations for some noble purpose?

The question I would like the Prime Minister to answer in relation to that is: considering that he sent the telegram which I referred to in order to get information so that he could brief the Prime Minister, can the Prime Minister tell us if that information he got back, as a result of that cable sent on October 12, is on file; what was done with it; was it ever sent to the Prime Minister's office; did anyone in his office ever see it at that time?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the first part of the question was: what did we do with it when we heard about illicit acts? This has been repeated in the House and answered many, many times. As soon as we heard that there had been an illicit act in relation to the APLQ, we referred it to the attorney general of the province of Quebec. Later on when it appeared that this was not an isolated incident, we set up a royal commission. That is a very clear answer: as soon as we learned about it, we took action on it. The hon. Leader of the New Democratic Party is apparently trying to find out, in a very subtle way, whether we had heard about it before we acted. The answer is no. As soon as we heard about it, we acted.

Some hon. Members: Hear, hear!

REASON FOR RESIGNATION OF MR. STARNES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I now assume the Prime Minister's hearing is going with his age. The hon. member for Halifax was smiling because he knew that the Prime Minister was asked a rather explicit question twice in a row and refused to answer. We are talking about before the act occurred. Before the act occurred, did the Prime Minister indicate to Mr. John Starnes that illicit, under-cover, illegal operations to obtain information of any kind would not be tolerated? Did he make that very explicit in his mandate? I have a third question—

Mr. Trudeau: Let me answer the first one.

Mr. Broadbent: Since Mr. John Starnes retired prematurely at the age of 54, within two months after the illegal break-in to obtain information on the Parti Québécois, does the government have reasons for the resignation? Can they be produced? Did he resign on his own volition, or was his resignation requested?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe just a couple of years ago the House was making a great event out of the fact that we had several deputy ministers resigning when they were reaching the age of 55.

An hon. Member: Answer the question.

[Mr. Broadbent.]

Mr. Baker (Grenville-Carleton): You look phony today, Pierre.

Mr. Trudeau: The House knows the reason why that took place. If hon. members want to find out with greater certainty, they can pick up the phone and ask these various deputy ministers who resigned at that time.

An hon. Member: What are you hiding, Pierre?

Mr. Baker (Grenville-Carleton): Is he 65 or 52?

* * *

[*Translation*]

AGRICULTURE

REQUEST THAT GOVERNMENT TAKE ACTION TO END IMPORTATION OF MILK PRODUCTS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, the way things are going in the House these days, one would think that we are more concerned about saving the Parti Québecois than that party is concerned about saving itself. If I may, Mr. Speaker, I would like to direct a question on economics to the Minister of Agriculture. Considering that industrial milk producers must spend $120 million a year to help the federal government export its milk powder surplus and keep in storage its butter surplus, considering that the Granby agricultural cooperative imports through one of its subsidiaries, namely, Québec Lait, some powdered buttermilk from New Zealand, could the minister inform the House whether or not he is aware of this and, if so, what he intends to do to remedy this serious problem?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the dairy farmers of Quebec, the industrial milk producers, are no different from the industrial milk producers of any other province. They all make contributions to the export fund to compete in the world market with the surplus product they have in Canada.

I am not sure exactly what the hon. member is talking about; but if he is talking about the skim milk powder from buttermilk, which comes in from New Zealand, that is a long standing arrangement with a fellow Commonwealth country. It is something I do not intend to break at this time. We have had discussions with the dairy farmers about this in the past. There has been a long standing arrangement with that country.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I want to ask a supplementary. The Minister of Agriculture said last year that the Minister of Industry, Trade and Commerce had agreed to import $50 million worth of cheese because those types of cheese were not made in Canada, and this mostly to protect the consumer, on which I agree. Since he just said that we have milk powder surpluses and since because of those surpluses the manufacturing milk producers now cannot produce any more, would it not

be possible to cancel or go around that agreement with New Zealand on milk powder imports?

[*English*]

● (1442)

Mr. Whelan: Mr. Speaker, the hon. member talks about production of skim milk powder. I am sure he knows that skim milk powder is a result of the production of butter. For every pound of butter there are two pounds of skim milk powder produced. There is a world surplus problem. The European Community has compounded this problem. When we are talking about directing milk to cheese factories, that is solely a provincial distribution problem. The provinces are the ones which issue the directives. Sometimes through subsidies and so forth we try to discourage the production of butter and skim milk powder so that people will go into cheese production. We think that is a good idea. Cheese consumption has gone up in Canada. Of all the cheese consumed in Canada 85 per cent is produced in Canada. I am sure the hon. member is aware that there is going to be a specialty cheese plant built in Quebec, if it is not already under construction. We probably will have one in Ontario also to produce specialty cheeses, which have not been produced in Canada before.

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ROYAL CANADIAN MOUNTED POLICE

POSSIBILITY MR. STARNES RESIGNATION CONNECTED WITH ILLEGAL ACTIVITIES OF FORCE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Prime Minister. Now that he has had a chance to refresh his memory by talking with the former solicitor general, I would like to come back to an answer given by the present Solicitor General on Monday. On Monday the Solicitor General indicated that the illegal break-in had been authorized by the most senior level of the security service of the RCMP, that is, the Director-General, Mr. John Starnes, who had been appointed to that office in October of 1969 by the Prime Minister. In as much as Mr. Starnes resigned on March 7, 1973 after the illegal break-ins, arson and theft had occurred, and given the Solicitor General's answer to me that everyone within the security service at that time, including the Director-General of the security service, did not consider its operations to be illegal, was there any aspect of Mr. Starnes' resignation in 1973 that was connected to any aspect of illegality with respect to the security and intelligence service?

Right Hon. P. E. Trudeau (Prime Minister): None whatsoever, Mr. Speaker.

REASON FOR DELAY IN ASCERTAINING ILLEGAL ACTIVITIES TOOK PLACE

Mr. David MacDonald (Egmont): Mr. Speaker, I wonder then if the Prime Minister can indicate why it has taken so long for the government to ascertain that the various events that did occur during that period were illegal. Why has there been to date no responsibility either on the part of himself or the subsequent solicitors general with respect to this act and with respect particularly to the surveillance by the RCMP of the Parti Québécois which he indicated yesterday had occurred for a short period of time and was stopped as soon as it was found out? Can the Prime Minister indicate whether he found out how long the surveillance had taken place and when it was initiated?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the first part of the question, as to why it took so long, and on the second part of the question the answer is the same: because we were not involved in monitoring the day-to-day operations of the RCMP. That was not our practice. It was not the practice of the previous government, and it is not a practice we intend to follow in the future. We had periodic briefings in which the findings they thought important to put before us were reported to us. At no time did they ever say that "in order to make this report we have had to engage in an illegal act", and at no time did we suspect or have cause to suspect that they would have to engage in illegal acts to supply the government with information on security matters.

This matter came to light, I believe, in the spring of 1976 when the present Minister of Consumer and Corporate Affairs was solicitor general. It came to light that there had been an illegal act perpetrated some three and a half or four years before. I repeat that that was the beginning of a series of events which led up to the setting up by the federal government of a royal commission of inquiry.

Mr. MacDonald (Egmont): Mr. Speaker, does the Prime Minister expect us to believe that since that first information became available a year and a half ago with respect to the first of the illegal acts there was no examination of any of the communications that took place or any of the directives which were given with respect either to the appointment of Mr. Starnes in 1969, the appointment of the Bourne Group in 1971 or with respect to any of the acts which subsequently took place? Does the Prime Minister expect us to believe that the government does not yet know whether there is any responsibility lodged with any of the ministry or senior echelons of the government for a misunderstanding to occur which would have encouraged the kind of illegal acts and counter subversion which have in fact been reported in recent days?

Mr. Trudeau: The hon. member asks if I expect him to believe certain things we have in terms of information from the RCMP. I do not expect the Tories to believe that kind of thing. They have more faith in their own private detectives than in the RCMP.

Some hon. Members: Hear, hear!

LETTER FROM GENERAL DARE MENTIONED IN MINISTER'S AFFIDAVIT

Mr. James A. McGrath (St. John's East): Mr. Speaker, yesterday in reply to the Leader of the New Democratic Party

the Solicitor General, referring to the affidavit he filed with the Quebec Commission, drew the attention of the House to a mistake in his sworn affidavit dealing with the APLQ break-in. The minister also told the House that the letter in question was from General Dare and in no way referred to the break-in at the APLQ. My question to the minister is what, then, did the letter refer to and why was it filed with the commission in the first place?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I received a subpoena from the commission asking me to file with it a file which had the code name "Bricole", which was the code name for the operation relating to the break-in at the APLQ headquarters on October 6 or 7 of 1972. I believe one of those dates is the correct date.

When I went through the file with the code name "Bricole" there were in that file three pieces of paper. There was one memorandum, and there was a letter from General Dare to the present Minister of Consumer and Corporate Affairs. They were obviously not in the proper file. They should have been filed in another file because they had absolutely nothing to do with the Bricole file. However, instead of taking those documents out of the Bricole file and having them filed properly, I thought it would be more honest on my part to indicate that there were other documents in that file which had nothing to do with the Bricole operation and to indicate that to the commission and to the House, as I am doing today.

Some hon. Members: Hear, hear!

SUBJECT MATTER OF LETTER FROM GENERAL DARE TO FORMER SOLICITOR GENERAL

Mr. James A. McGrath (St. John's East): Mr. Speaker, now we are told that another mistake was made in the affidavit which was sworn by the Solicitor General.

Some hon. Members: No!

Mr. McGrath: Since we are dealing here with an obvious attempt to obstruct justice with regard to the commission of illegal acts which were not reported to the authorities for more than five years and since we are obviously concerned here with the culpabilities of ministers in this obstruction of justice and in this cover-up, I will now ask the minister if he is prepared to tell the House what was the subject matter of that letter from General Dare to the former solicitor general, now the Minister of Consumer and Corporate Affairs. Furthermore, since the minister is prepared to file the letter with the McDonald Commission and since this matter is properly before the House as a result of the minister's statement to the House last week, will he now grant the House the courtesy of producing the letter to the House right now?

Hon. Francis Fox (Solicitor General): The proposition, of course, is astounding. What the hon. member is saying is that from now on I should table in this House matters relating to current operational files relating to the national security of this country.

As far as this particular document is concerned, I indicated to the House yesterday—and I will reiterate it today—that document is available to the royal commission of inquiry, and I would be willing to forward the whole of the documents for which I have signed an affidavit to the royal commission, which was set up by me and the government in July of this year. I am ready to instruct my counsel to forward all those documents to the royal commission of inquiry at the first opportunity.

* * *

ADMINISTRATION OF JUSTICE

ALLEGED OBSTRUCTION OF JUSTICE BY SOLICITOR GENERAL'S OFFICE—GOVERNMENT POSITION

Mr. James A. McGrath (St. John's East): Mr. Speaker, my final supplementary is to the Minister of Justice and Attorney General of Canada. Has the minister satisfied himself, as the minister responsible for law enforcement in this country and for the Criminal Code, that there was not in fact an offence committed under the Criminal Code, namely, obstruction of justice and an attempt to conceal an offence by virtue of the fact that we are dealing here with at least three or four criminal acts which were not reported to the authorities for a period of five years? Has the minister, in his capacity as Attorney General of Canada, satisfied himself that there was not a crime committed in the office of the Solicitor General or in the offices of the government of Canada with regard to obstructing justice?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, in co-operation with the Deputy Solicitor General, my officers have reviewed all the files in these matters, and any which they considered relevant to the commission of criminal offences they have recommended be passed to the minister of justice of Quebec.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

REASON NO SANCTIONS AGAINST PERSONS RESPONSIBLE FOR RAID ON L'AGENCE DE PRESSE LIBRE

Mr. Roch La Salle (Joliette): Mr. Speaker, I will try to put a very simple question to the Prime Minister.

The Prime Minister is aware, as we all are, of the increased concern of Canadians about that matter. In view of the fact that the search in the offices of the Parti Québécois was done on the eve of the 1973 general election; considering the many questions raised by some people about the time factor; considering also that the Prime Minister very seriously insists that he was not aware of the behaviour of the security services for which—he has just admitted—he is responsible as Prime Minister, will he publicly recognize—I think it is important for the credibility, the irresponsibility of his own government in all

that affair—the incredible incompetence of the then Solicitor General—

Mr. Speaker: Order. If the hon. member wants to ask a question, he should put it now.

Mr. La Salle: If so, why has the right hon. Prime Minister refused until now to take action against those who were responsible in the Solicitor General's office at that time?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, the feigned or assumed indignation of the hon. member for Joliette seems to be based on ignorance, wilful or not, of the facts. When he asks why we did not take specific steps, I say we did as soon as we learned that, in fact, there had been illegal acts. We have repeated that perhaps a hundred times to the House in the last few days. Is it that the hon. member was not in the House? One thing must be remembered, however, and I shall sum up the debate in a few sentences for the benefit of the hon. member. As soon as the government learned that a legitimate and democratic Canadian political party was under systematic surveillance, we asked immediately that a stop be put to it. And as soon as we learned that the surveillance was being conducted by what may have been illegal means, we referred the matter to the department of justice of the province of Quebec leaving it to them to decide whether they should take legal action or not.

REQUEST FOR STATEMENT BY PRIME MINISTER ON L'AGENCE DE PRESSE LIBRE BREAK-IN

Mr. Roch La Salle (Joliette): Mr. Speaker, I know that the Prime Minister goes on repeating the government were not aware of what was going on. I put the question because the Canadian people have reservations about that. Therefore, and since the current Solicitor General is forced to take the blame for his predecessor's incompetence, I put the question to the Prime Minister in the public's interest, because it is important in my view that the Canadian people be reassured. I ask the right hon. Prime Minister whether he is prepared to make a statement as early as next week, giving the Canadian people the real reasons for that break-in in the context of circumstances then prevailing, or whether he prefers attempting to save the Solicitor General's predecessors?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, once again that answer has been given a number of times, but I will repeat it for the hon. member's benefit. This government's policy is that there should be no intervention in the day-to-day operations of the RCMP as far as security is concerned. That is our policy. We, certain ministers and myself, are briefed on a regular basis on certain security matters involving Canada's security or possible terrorist or subversive action, in a general manner, but we have never felt it our duty—and I think this was also true of the former Prime Minister—Mr. Diefenbaker, to my knowledge no Prime Minister ever asked to intervene in the management of the RCMP's day-to-day operations, because in so doing we, as a government, as politicians, would get information on people investigated by the RCMP. We have no wish to so intervene in police operations, because we feel that civil liberties as we understand them would be harmed if the government of the day asked the police to open all their files to politicians in government.

REASON FOR INVESTIGATION OF PARTI QUÉBÉCOIS

Mr. Roch La Salle (Joliette): I wish to ask another supplementary question.

I understand that the arguments put forth by the right hon. Prime Minister are interesting, that in the context of 1973, I think the Prime Minister must grasp the full scope of this question, in the political climate which existed then. Could the Prime Minister undertake to tell the House, given the type of information he must have been getting from the security service, what were the true reasons which led that service to investigate the membership list of the Parti Québécois? And the Prime Minister knows quite well what I mean, when one just looks at the situation in which the provincial Liberal government of the time found itself.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I already gave those reasons to the hon. member for Halifax a moment ago. I am quite prepared to repeat them for the benefit of the hon. member for Joliette. The hon. member will perhaps remember that before the October crisis of 1970, there had been various acts of violence, subversion, banditry and explosions. There was an assassination and various actions committed in the name of Quebec separatism by an organization calling itself the FLQ.

Mr. La Salle: The FLQ members were not separatists!

● (1452)

Mr. Trudeau: We are now learning from the member for Joliette that the FLQ members were not separatists. Of course I may not be an expert in the FLQ, I may not have the expertise of the hon. member in such matters—

Mr. La Salle: You know it too well.

[*English*]

REASON FOR FAILURE TO REQUEST MINISTER'S RESIGNATION IN VIEW OF ILLEGAL ACTIVITIES OF FORCE

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Prime Minister. Given the fact that the fundamental foundation of our parliamentary system is Cabinet responsibility—probably there is no more heinous crime against the state than illegal activity on the part of a state police force—why did the Prime Minister not ask for the resignation from the ministry of the responsible Cabinet minister at the time the illegal acts were brought to their attention?

An hon. Member: A friend of the Prime Minister's, that is why.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would ask the hon. member to seek his answer in the Report of the Royal Commission on Security published in June 1969, a commission on security chaired by a very able and well-known former civil servant, by a present Justice of the Supreme Court and by a former leader of the New Democratic Party.

An hon. Member: Which you ignored.

Mr. Trudeau: This Royal Commission on Security stated at page 21 of the report:

A security service will inevitably be involved in actions that may contravene the spirit if not the letter of the law and with clandestine and other activities which may sometimes seem to infringe on individuals' rights;

Mr. Speaker, this is from a group of outside experts who realize, apparently more than the opposition of both parties wish to realize, that matters of subversion call for a very, very fine line to be drawn between respect for civil liberties on one side and the protection of the security of the state on the other.

Mr. Gillies: A supplementary question, Mr. Speaker. Surely the right hon. Prime Minister will recognize in this, probably the most important problem to face this country in many, many years—

Some hon. Members: Oh, oh!

Mr. Gillies: —that the responsibility that was being drawn in that report to the Cabinet and Prime Minister of this country was to always be certain that there was a difference between subversion and other activities that might not be agreeable to the government or that the government might agree were not appropriate and it is the responsibility of the government to make sure that this line is never transgressed. Surely, the Prime Minister must know that nothing is so threatening to the survival of democracy and in any situation or any country where democracy has fallen, it has fallen when this line has been transgressed. A government has to be responsible for making sure it is never transgressed.

Some hon. Members: Hear, hear!

● (1502)

Mr. Trudeau: I agree completely with the hon. member in the preamble to his question. Not only do I agree with him in theory but I can point out that in fact we made sure that this very fine line between subversion and dissent was not crossed by the RCMP.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

An hon. Member: You did not.

Mr. Trudeau: How did we make sure that this line was not crossed?

An hon. Member: According to Pierre.

[Mr. Gillies.]

Mr. Clark: You authorized the activities which led to the surveillance of the PQ.

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition, without seeking the floor, is stating something which is absolutely, unequivocally, false, and I wish he would have the courage to stand up and say it.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, we made sure this fine line was not crossed.

An hon. Member: You did not.

An hon. Member: That is precisely the point—you never have.

An hon. Member: You did not do anything.

An hon. Member: You better see what your Solicitor General said last Friday.

Mr. Munro (Hamilton East): Is this democracy? You don't let a man speak.

Mr. Trudeau: We have a fine example of respect for civil liberties from this howling mob sitting across the aisles.

Some hon. Members: Hear, hear!

Mr. Trudeau: They do not have to take my answers as the absolute truth.

Some hon. Members: Hear, hear!

Mr. Trudeau: They can stand in their places and challenge them, if they have the courage, but I would suggest that the way to do it is not by hiring private detectives, as that party does, and not by having some phony bugs planted in their office, which is the way they do it.

Some hon. Members: Oh, oh!

An hon. Member: Fraud.

An hon. Member: Prove it.

Mr. Baker (Grenville-Carleton): You blew it this time, baby.

An hon. Member: Why don't you lay a charge?

Some hon. Members: Oh, oh!

An hon. Member: Stand up and say it.

Mr. McGrath: Stand up and make a charge.

Mr. Speaker: Order, please. The hon. member for Greenwood.

ALLEGED DISMISSAL OF MEMBER OF SECURITY UNIT FOR REFUSING TO DESTROY PROPERTY

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I particularly want to thank you because we have heard a whole series of speeches under the guise of questions and even lengthier answers, and this is not the way, in my humble opinion, to conduct the question period.

Mr. Speaker: Order, please. If the hon. member has a question, would he please put it.

An hon. Member: He will, like the Tories.

Mr. Brewin: My question is fairly brief and it is addressed to the Solicitor General. Has the Solicitor General inquired into the evidence given to the Keable inquiry in Montreal to the effect that members of an anti-terrorist squad, unit or group, or whatever you call it, attached, I presume, to the security forces, were ordered to smash a summer cottage owned by someone suspected—I emphasize the word suspected—of being a terrorist, and that a member of the unit was dismissed for refusing to carry out this order. I would like to ask the minister, if he has looked into that case and knows about the fact, what he intends to do about this grave injustice.

Hon. Francis Fox (Solicitor General): If the hon. member is referring to some of the evidence that came out in Montreal, I believe it was yesterday, I have inquired into the matter and I have seen the response from the RCMP which is to the effect that the member of the force who left that unit was transferred to Paris in 1972 at his own request.

Some hon. Members: Oh, oh!

* * *

PRIVILEGE

MR. CLARK—ANSWER BY PRIME MINISTER ON "BUGGING" OF MEMBERS' OFFICES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege concerning a matter which I believe affects the privileges of all members of the House. I should say, sir, that I take the first available opportunity to raise this matter, as did my colleague, the hon. member for Central Nova, on Monday and as the traditions of the House of Commons, as the hon. member for Spadina will know, require.

I should say that the question of privilege I will raise relates, or may well relate, to the charge or allegation that has just been made by the Prime Minister of Canada that electronic devices were planted by members of this party in offices of members of this party. That is a clear allegation that the Prime Minister has just made, and if he is a man of honour I am sure he will either stand in his place when I finish my remarks and cite the evidence which supports that allegation, or else he will stand up and withdraw it.

Some hon. Members: Oh, oh!

An hon. Member: Resign.

Mr. Allmand: Let us hear the evidence for all the nonsense you have been spreading around.

An hon. Member: Why don't you listen?

Mr. Clark: If the former solicitor general wants to speak, we will be delighted to hear him.

An hon. Member: Rise.

Mr. Clark: He had an opportunity all Monday night during the long debate, and he sat there silent.

An hon. Member: You are a fraud, Allmand.

Mr. Clark: Immediately following the revelations of the hon. member for Central Nova on Monday of this week, officials of my office authorized an examination of the offices of the Leader of Her Majesty's Loyal Opposition. We received this morning a report of the professional firm undertaking that examination. They report the discovery of a device within a telephone in the conference room of the Leader of the Opposition. The firm advises that—

The conference room telephone was capable of being used as an eavesdropping device and, in fact, still was capable of being an eavesdropping device until 8.10 p.m. on Monday, October 31, 1977.

That is the time the device was dismantled. As Your Honour knows, I submitted that full report today to you, as the responsible officer for the security of these buildings, for any further action that Your Honour might deem necessary or appropriate, which action may well include the reference of the whole matter to the appropriate committee of the House. Of course, in awaiting Your Honour's decision in this regard and your review of this matter, I would like to reserve my rights under privilege in the House.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on the same question of privilege, or on a different one with respect to myself, whichever you prefer. First, I want to say that I think the motion by my friend, the hon. member for Spadina, was entirely legitimate. I thank him for it and, although it might have been more carefully drawn up, I trust that it will assist the House in getting to the bottom of the affair.

I want to say to the Prime Minister that I can understand his consternation. I have noted from time to time, in reading *Hansard*, that he has expressed, usually in the form of heckling, great reservations about private detectives, which I deplore because I think private detectives, like everyone else including politicians, include some good ones and some bad ones, so I do not know why he is so paranoiac about them. In any event, I simply want to say, for the record, that I have no idea, under what circumstances or anything else concerning this listening device, where it came from. Certainly, I had no knowledge of it, nor anyone connected with me, that I know of.

I want to say, as well, that I trust that the Prime Minister, if he is really serious in his allegation that I had anything to do

with it, will be honest enough to say so and make a charge, as he so often calls upon us to do when we are trying to elicit information.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I just want to say a few words with regard to the question of privilege in the earlier motion that was passed, calling upon the House to use its full authority to investigate the matter and, I hope, the matter which Your Honour will investigate, raised by the Leader of the Opposition, and any other matters regarding bugging in this chamber and in the parliamentary precincts which might come to your attention, as requested by the Acting Prime Minister the other day, because I wish to put on the record very clearly, in case anyone is in doubt, that it is an immensely serious offence under the Criminal Code for people who are not authorized to have in their possession electronic surveillance devices, amounting to an indictable offence with a penalty of up to two years.

● (1512)

I hope, Mr. Speaker, in order to assist you and your officers in that investigation, that those finding or suspecting bugs will call upon Your Honour and leave them in place until such time as a proper investigation, with fingerprinting and otherwise, can be conducted so that any investigation you and your officers undertake will in no way be compromised.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the matter raised by the Leader of the Opposition, and on the particular comments of the hon. member for Central Nova who said that he was absolutely not involved in the placing of any bugging device in his office, of course I accept unequivocally his word on that. I have not, of course said that he had been involved. I said the inference might be that members of the other party, no one particular person, but the party itself—

Some hon. Members: Cheap.

Mr. Basford: No cheaper than saying the RCMP did it.

Mr. Trudeau: —the members of the other party, the Tory party, because they did resort to the hiring of private detectives, not only in this instance but in others, gives me some cause for suspicion. I would add that I have no evidence, any more than the hon. member for Central Nova had any evidence when he suspected this was done by the RCMP.

Some hon. Members: Hear, hear!

Mr. Speaker: The Leader of the Opposition has raised, by way of a question of privilege, the discovery of a device which he has described as that which would lend to a telephone in his office the capability of being used as a listening apparatus. Contributions have been made by the hon. member for Central Nova, the Attorney General, and the Prime Minister.

The responsibility for the security of these premises, the offices of members and the buildings, and the privileges that we enjoy here is my own responsibility. Of course, several times in the past we have had occasion to re-examine our concept of security of the buildings and our approach to security. It has to be balanced, on the one hand, with the interest of the safety and privacy of members who occupy these buildings and attempt to do the very important work they have been assigned by their constituents. On the other hand is the desire to have free access to these buildings by the citizens of Canada and, of course, by the very many visitors we invite here. That balance is a delicate one indeed, one which we constantly try to adjust in order to achieve the maximum of both objectives.

The responsibility in this particular instance, the event raised and referred to by the hon. member for Central Nova on Monday, is mine. It was subsequently referred to by the Acting Prime Minister, the Minister of Finance, in the hope that I would pursue that investigation.

The House should know that in pursuance of that obligation we asked for a preliminary investigation by my own security staff, the security staff of the House of Commons. That report arrived on my desk late yesterday. I turned it over to the hon. member for Central Nova as a preliminary analysis of the circumstances. I indicated that if we were to carry the matter further, to attempt to trace not only the circumstances of the finding or the location of this device but go beyond that to locate the source of it or to fix responsibility, that would be an investigative chore which is beyond the designed capability of the security staff of this House, and therefore I would await further advice from the hon. member.

Similarly, with respect to the point raised by the Leader of the Opposition, we have been carrying out sweeps or electronic examinations of other offices and have as yet made no discovery in any other office. We indicated we would carry out this examination of all offices requested by hon. members. It will probably take another two or three days to do that. We will likely want to assess that part of the investigation before going any further. However, with respect to the point raised by the Leader of the Opposition, we will certainly carry forward today a further examination of the nature of the device and see whether there is anything else we should do.

In the final analysis, we will come to a point that tests the limit of our capabilities, and surely it should be as an investigative job for our responsibility is really confined to these buildings. If we are going to go beyond that, we will have to call in the assistance of other security forces, and I think properly we ought to do that only at the request of members involved in a very direct way. This is simply by way of a preliminary or interim report on the progress of the investigations we are carrying out at this time.

Mr. Basford: On the question of privilege, Mr. Speaker—

Mr. Speaker: The Attorney General on a fresh question of privilege.

Mr. Basford: No, Mr. Speaker, it is relative to the question of privilege we have been dealing with. I in no way want to

reflect upon Your Honour's remarks. The purpose of my intervention was to make it very clear that if there are private persons and unauthorized persons operating within the precincts of parliament and placing bugs, that is a criminal offence. It is not up to any particular member to complain about it, it is an offence under the Criminal Code, which involves far more than the individual member of parliament.

Some hon. Members: Hear, hear!

Mr. Basford: It clearly involves the privileges of all members of parliament. It clearly involves breaches of the criminal law away beyond the right of any particular member of parliament. I urge upon Your Honour that time is of the essence in these matters, that they do involve breaches of the law, and that it is in the interests of members of parliament and of this institution that we be protected against those violations of the law.

Some hon. Members: Hear, hear!

Mr. Speaker: With respect, I do not think we need further elaboration on this point. In the case of both members whose offices or equipment have been involved, I suppose we could project ahead to the point where they might say, "There has been some allegation that we have brought to your attention as Speaker, but we do not want it pursued any further."

Some hon. Members: Oh, oh!

Mr. Speaker: I do not know if that is about to happen. I only know we are ahead of ourselves. If that were to happen, I am simply projecting that the rest of the House, or the administration of justice, may have some rights in the matter. At the moment, I think it is only courtesy to the members involved to conduct a preliminary investigation and say to them that further investigation should probably go forward with their request, assistance and co-operation. If that were not to take place, I would advise the House; but surely we must come to that point first.

[*Translation*]

MR. BEAUDOIN—REMARKS IN NEWSPAPER ARTICLE

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise on a question of privilege over a very important matter concerning an article published in the newspaper *Le Devoir* on October 29.

Mr. Speaker, I believe that reporter Pierre O'Neil has harmed my reputation. He has told lies about me in an article entitled:

From One Caucus to Another without Scruples

I would like to quote Mr. O'Neil:

Mr. Beaudoin attended the regional caucus of Liberal members of Parliament convened by Urban Affairs Minister André Ouellet to study the housing problem in the Montreal area.

Mr. Speaker, the reporter should have listened, read or learned about the matter before writing such things. This meeting was held in Montreal on Monday, October 24, and was aimed at informing all members from the Montreal area and the Eastern Townships about the new Urban Affairs programs. The mayors of all municipalities involved were invited and—

● (1522)

Mr. Speaker: Order. It is nearly impossible to hear the question of privilege raised by the hon. member for Richmond.

Mr. Beaudoin: Thank you, Mr. Speaker. The mayors of all the municipalities concerned were invited, and as far as I know they are not all Liberals. I am a federal member of parliament and when the time comes to work for my constituents, whenever possible I attend all meetings which could improve the lot of the people of my riding. Since most members from the province of Quebec are Liberals I am sure we are working together on these specific projects. That does not change in any way my personal political affiliation, that is my being a member of the Social Credit Party of Canada. Reporters who make up stories to destroy the reputation of federal members of parliament should be reproved by all federal members, whatever their party. To please certain reporters and prove them right we are soon all going to have to sit in separate places. I think that during an election we should fight for our own ideologies and principles and outside election campaigns we should all, without exception and whatever our allegiance, work together for the better-being of our ridings, provinces and country.

I think the newspaper *Le Devoir* should correct that falsehood about me, and I urge all media to get informed before they publish stupid stories like that. We are always available to answer their questions and they could then write articles based on facts, not wishes or dreams.

Mr. Speaker: Order. The hon. member for Richmond (Mr. Beaudoin) raised a question of privilege relating to the newspaper *Le Devoir* and one of its employees, Mr. Pierre O'Neil. It does not relate to a member of parliament or things relating to this House. So this does not constitute a question of privilege as such but rather a very important and significant grievance.

[*English*]

MR. BALDWIN—REMARKS OF PRIME MINISTER AND MINISTER OF JUSTICE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question of privilege which relates to what was said by the Prime Minister a little while ago, and by the Minister of Justice. Before the Prime Minister left—as he said, to meet the press—the leader of our party gave him formal notice that I intended to raise this question, as did the House leader.

The Prime Minister, making an intervention following what was said by my hon. friend from Central Nova, made it clear that in his mind the device might well have been planted by members of Her Majesty's Loyal Opposition. The Minister of Justice, in his contribution, went on to aggravate the situation

by suggesting—and I think he is right in his interpretation of the law—that anyone engaged in such conduct is in breach of the criminal law of this country. As matters now stand, every member of the opposition is now suspected of having committed an offence against the Criminal Code in the planting of this device.

If this were simply said in the heat of debate, we understand what happens in this House, and if the Prime Minister wants to come back and withdraw that charge, that is fine. But it is a charge of such considerable consequence that I would be inclined, if Your Honour decides there is a prima facie case, to make a motion referring it to a committee. The Prime Minister is not here now, and he may want to deal with it. We shall not be sitting tonight. Your Honour may wish to take it under advisement. But I cannot leave it as it stands without making it quite plain that I do not intend to sit here quietly and be charged by the right hon. gentleman with the commission of a criminal offence, unless he is prepared to make a formal charge. If not, he must be prepared to withdraw.

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I should like to say a few words on this question of privilege, because our privileges are affected every day in the House. In the last four days we have been repeatedly charged with cover-up, meddling and using the police for political purposes. This was the daily bread of members on the other side of the House. They have made all sorts of accusations against us and against other people who are serving the country.

The Prime Minister said that this bugging of the office of one of the MPs looks phony. There are a lot of people who think like that; I think like that, too, Mr. Speaker. If, as members of the government, we were to get up every time a member of the opposition imputes motives and bad actions to members of the administration, we would have no time to spend on other matters but would be occupied all the time with questions of privilege. If hon. members over there cannot stand the heat, they should not be in the House of Commons.

Mr. Joe Clark (Leader of the Opposition): One brief intervention. The Minister of Finance has done his best to evade the issue. The issue is that the Prime Minister has today charged members of this party with an illegal act.

Some hon. Members: No.

Mr. Clark: If the Prime Minister believes that, let him come to the House of Commons and either submit his evidence, or withdraw. Let him not make such a charge and then run away to a press conference.

Some hon. Members: Hear, hear!

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, in the interest of bringing a little reason into this, I just want to go on record as saying that I fully agree with the interpretation which the chief law enforcement officer of Canada has given us in the House this afternoon. As far as I am concerned, this situation does, after Your Honour has dealt with it fully according to your own dispositions and feelings as the man most qualified to protect the rights of all of us, go beyond the rights and privileges of members of parliament. It is a serious act, as the Minister of Justice has said, and I want it on the record that I agree with the way he has put it forward up to this point.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, on the same question of privilege, since the hon. member for Peace River has invited you to examine the record and think about this, may I express the hope that you will do, at the same time, what was implicit in the suggestion of the Minister of Finance, that is, look back over the blues of perhaps the last several weeks and determine the number of occasions on which the official opposition, particularly,—the Conservative party—has, without any evidence at all, impugned people on this side of the House, impugned people outside the House and impugned the RCMP, totally on the basis of hearsay, and sometimes not even on that.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, it has long been a tradition of this House—I know the Minister of Transport is ever aware of it and alert, on a daily basis, as is the Minister of Finance—that when members feel their honour has been impugned, or that a false accusation has been made, they rise then and there—

An hon. Member: Or they sue.

Mr. Baker (Grenville-Carleton): Or they sue, as the Minister of Transport has done, or they say, "Put your seat on the line". We haven't heard that for the last week or so in the House of Commons, so it seems to me we are coming awfully close to the truth.

The one thing that does worry me, however, about this whole thing is the irresponsible way in which the government has dallied and bandied with the good name of the RCMP.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): There are a lot of officers in Canada who walk the streets and do police work.

Mr. Blais: And you are destroying them.

Mr. Baker (Grenville-Carleton): The government has failed to distinguish between the very small number in the security and intelligence group and the balance of the RCMP. I would think that, as a former dean of law and as a former minister of justice—

Mr. Gillies: Make a charge. Put your seat on the line. Stand up.

• (1532)

Mr. Speaker: Order, please. On application of the Leader of the Opposition, supported by the leader of the New Democrat-

ic Party, the House set itself into session, pursuant to Standing Order 26, at eight o'clock on Monday night of this week to debate the allegations against the RCMP as a general subject. That was ordered, and it gave the House the opportunity to have a full exposé of all points of view on both sides of the House with respect to that matter. This is not the time to rehash that or to carry the debate further forward.

The question before the House is a narrow question of privilege which was raised by the hon. member for Peace River and relates to the remarks today of the Prime Minister. I will examine those remarks in their full context; firstly, the remarks made during the question period, and secondly the subsequent remarks made by the Prime Minister in response to a later question as to whether or not the Prime Minister had any evidence in support of the allegation, or whatever, which he made during the question period. I will then see whether or not he has transgressed any of the privileges or practices of the House, and I will deal with the matter when the House resumes on Monday.

[*Translation*]

MR. OUELLET—ALLEGATIONS MADE BY MR. LAWRENCE

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I rise on a question of privilege. I must tell you that I take the first opportunity to raise this matter. It relates to some comments which have been made on two occasions earlier this week by the hon. member for Northumberland-Durham (Mr. Lawrence). I tried to contact the office of the hon. member to let him know that I would raise this matter but he had already left.

[*English*]

Mr. Speaker: Order, please. Surely hon. members in the centre of the House realize that it is impossible for the Chair to hear the question of privilege raised by the Minister of State for Urban Affairs unless there is quiet in the House.

[*Translation*]

Mr. Ouellet: I am pleased, Mr. Speaker, that you asked opposition members to keep quiet, because they seem to believe that only what they have to say is important and they refuse to listen to answers the government is prepared to give them. I quote the hon. member for Northumberland-Durham:

> The Minister of State for Urban Affairs in the House late last spring indicated that as the chief political organizer for the Liberal party in Quebec he had in his possession a list of all known separatist sympathizers in the province of Quebec.

Now, this remark made by the hon. member for Northumberland-Durham, as recorded on page 515 of *Hansard*, is totally unjustified. I have checked into the index of the House of Commons debates for the period from October 12, 1976 to August 9, 1977. I scrutinized all the official reports of the debates to check if it slipped my memory and if I really made that remark, but nowhere in the index in the House of Commons debates is there a reference to the remarks attributed to me by the hon. member for Northumberland-Durham (Mr. Lawrence). I find this allegation completely unacceptable and incorrect and I hope the hon. member will withdraw his inappropriate comments when he returns to the House.

I think, Mr. Speaker, that this matter affects me particularly in my privileges as a member of this House. This is again an attempt at sending trial balloons and reflects the allegations made these last few days by members opposite who have become past masters at brewing storms in tea cups. Mr. Speaker, they remind me of a colony of termites ferociously attacking the rotten beam of a bridge while workers are busy installing a new one. I find their remarks bewildering, be they the incorrect allegations of the hon. member from Northumberland-Durham or the false allegations which were made in this House concerning the brazen and faulty speculation of the members of the opposition who are trying to make people believe that they are the victims of electronic surveillance when there is no evidence of it. I hope, Mr. Speaker, that all these matters will be cleared up.

[*English*]

Mr. Speaker: Is the hon. member for Grenville-Carleton rising on the question of privilege?

Mr. Baker (Grenville-Carleton): Yes, Mr. Speaker, on the question of privilege raised by the hon. Minister of "Balloons"—I mean, Urban Affairs.

Mr. Chrétien: You look like a big one yourself.

Mr. Baker (Grenville-Carleton): I am very happy to learn that the minister has searched the record of the House of Commons. I seem to recall a statement which was recorded in the press in which I thought he had said, in the city of Montreal, relative to Radio-Canada, that he had a list of separatists.

Mr. McGrath: Yes, it was in the press.

Mr. Baker (Grenville-Carleton): My hon. friend from Newfoundland confirms that it was, indeed, reported, so probably the minister would not find it in the record of the House of Commons. However, he might find it if he checks his press clippings in the parliamentary library or some other place. It had reference to Radio-Canada; my memory has now been refreshed.

In any event, I am sorry that the minister has decided that the ordinary and reasonable use of the question period by the opposition to probe the abominations of this government is an inconvenience to him. I just want to assure him that we intend to use the legitimate and ordinary rules of this House on every occasion, whether the responsibility is that of the Prime Minister, the Solicitor General, or even the Minister of State for Urban Affairs—who is known in other places as the "corporal from Quebec"—so we can deal with things which we think are wrong with this government.

Mr. Speaker: Order, please.

Mr. Baker (Grenville-Carleton): So far as the question of privilege is concerned—

Mr. Speaker: Order. The minister has raised a rather narrow question of privilege which relates to some allegations made earlier by the hon. member for Northumberland-Durham. If there is to be further elaboration, perhaps it ought to be done by the hon. member for Northumberland-Durham who is directly involved. For the moment, the matter should stand over. The hon. member for Oshawa-Whitby.

Mr. Clark: Sit down, Ouellet.

Mr. Ouellet: The opposition is afraid to listen to the truth.

Some hon. Members: Oh, oh!

Mr. Speaker: Order. The hon. member for Oshawa-Whitby has the floor.

Mr. Ouellet: You are talking about bugging by the RCMP.

Mr. Baker (Grenville-Carleton): You wouldn't know a bug if you fell over it.

Mr. Speaker: Order. If I am not able to hear the hon. member for Oshawa-Whitby, I will have no choice but to adjourn the House.

MR. BROADBENT—ANSWERS GIVEN BY PRIME MINISTER DURING QUESTION PERIOD

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a different question of privilege concerning the answers given by the Prime Minister earlier in the question period. If I heard accurately—and I have checked with others—and if the Prime Minister did not make a slip of the tongue, we have a potentially serious contradiction of certain information which has been given to the House.

Mr. Gillies: What's new?

Mr. Broadbent: I was asking the Prime Minister about the request for information sent to Montreal by the then director general of security services, Mr. John Starnes, at the time of the break-in at L'Agence de Presse Libre, and the Prime Minister said—these are the words I recall—"Well, that request came in response to inquiries that had been made in the minister's office and in my office for a response to the break-in".

Now, if the Prime Minister said that—and I recall that he said that, and others beside me do—then that is new. In previous discussions we have had on this matter, very serious discussions indeed, late last spring, as Your Honour recalls we were informed that a request for information went to the then solicitor general, to the Montreal police and to the Quebec police.

● (1542)

Up to this point, if I recall correctly, it was assumed that the Prime Minister's office heard nothing about this break-in for many months; indeed, many years. I hope the Prime Minister will clear the record on this. Did he say that his office had been informed and was aware of the break-in shortly after it occurred? Did his office make a request of Mr. John Starnes to produce some kind of a written report on the break-in? If that is so, certainly it contradicts what I understood was the Prime Minister's previously stated position on this matter.

[Mr. Baker (Grenville-Carleton).]

Mr. Speaker: The hon. member for Oshawa-Whitby raises a question of privilege which I presume will be contributed to by the Prime Minister at the first opportunity.

MR. POULIN—REMARKS OF PRIME MINISTER AND MINISTER OF JUSTICE

Mr. Hugh Poulin (Ottawa Centre): Mr. Speaker, I know it has been a trying day for you and I do not intend to cause any more aggravation to you. I will try to be of some assistance on one of the matters referred to in the questions of privilege raised today.

The Leader of the Opposition has advised us of a second very serious criminal offence alleged to have been committed in the House of Commons. On Monday, the hon. member for Central Nova advised us of a very serious criminal offence which was committed here. I am referring to the bugging or the planting of listening devices in the offices of these two members. As the Minister of Justice stated, this involves far more than just the rights and privileges of the members of the House of Commons. It is a very serious allegation of a criminal offence having been committed. In the event that the culprit is found—and I hope he or she is—the style of cause would read: "Regina versus" whoever the accused person is. It would be the state against the individual.

The motion brought on earlier today by the hon. member for Spadina indicated that we all want to get to the bottom of this matter. It is my grave concern that this alleged criminal offence should not be dealt with any differently than any other criminal offence. For example, if there had been an assault in the office of an hon. minister or an hon. member which resulted in a homicide, none of us would be saying that we should wait until members decided whether it should be proceeded with; with dispatch, law enforcement officers would be asked to come in and conduct an investigation.

From Monday until now the trail has got cold. Perhaps some fingerprints have been lost and this type of thing. Because of the serious allegation made today by the Leader of the Opposition of another criminal offence, it is my suggestion that without further delay the Ottawa city police be called in to assist in this investigation, to ensure that all the evidence is uncovered in a most expeditious and professional way in relation to both these cases. It may well be that the Ottawa city police would request the assistance of the Ontario provincial police and its criminal investigation division and crime labs. Also, it may well be that they would request the most excellent assistance and advice of the Royal Canadian Mounted Police.

Mr. Hnatyshyn: Most of your constituents do not have converters.

Mr. Poulin: These alleged criminal offences should be investigated by professionals in a most thorough way, and as soon as possible.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a question of privilege. I thought the hon. member for the Central Nova made it quite clear that we would have no objection to this, but in the event he did not, I want Your Honour to know that we would have no objection to the Chair carrying out its function in any way it can. I concur completely with the point of view expressed by the Minister of Justice.

Mr. Chrétien: Call in the police.

Mr. Baker (Grenville-Carleton): However, the House has bound itself by the motion under Standing Order 43 which was moved by the hon. member for Spadina. It may well be that we will have to have some consultation with respect to what we do, because of the fact that our hands are tied.

An hon. Member: Cover-up.

Mr. Baker (Grenville-Carleton): If we can be of assistance to the Minister of Justice or to Your Honour with respect to the difficult position in which these revelations have placed this chamber. I assure Your Honour of the co-operation of Her Majesty's Loyal Opposition.

Some hon. Members: Hear, hear!

Mr. Peter Stollery (Spadina): Mr. Speaker, this question affects my privileges as a member of this House, as it does the privileges of all members who adopted unanimously the motion made earlier today, which Your Honour will have a chance to look at more carefully later on. In view of Your Honour's comments on the limitations of the House to investigate these matters, I should like to bring to your attention at this time that the House has unanimously adopted three specific recommendations. I do not see any limitations put on those specific proposals which were adopted unanimously by all members of the House of Commons. Therefore, I should like to bring to Your Honour's attention, as mover of a motion adopted by all members of the House, that there are three very specific elements which in my view must be looked into very, very thoroughly.

Mr. Hnatyshyn: Are you the chairman of the Liberal caucus?

Mr. Speaker: Order, please. I am aware of the motion passed by the House earlier this day, and I am aware of the concern of all members for a proper investigation of the events raised first on Monday by the hon. member for Central Nova and today by the hon. Leader of the Opposition.

These events ought to be pursued very vigorously. However, the matter of an investigation by any outside police force of any of these premises, and especially of the private premises of members' offices, has always been one of very clear privilege. The entry into these premises, particularly into the offices of members, without permission and without consent would be regarded, on a very fundamental basis, as a breach of the privileges of any member of the House.

Some hon. Members: Hear, hear!

Mr. Speaker: Therefore, to suggest now that I ought to take upon myself unilaterally the authority to invite other police forces in here is really an extension, it seems to me, of a privilege which has long been respected by this House.

I think we have to keep these two events separate. In the first place, we have an order by the House today which, surely, can relate to the events described by the hon. member for Central Nova but can hardly relate to the events disclosed only this afternoon by the hon. Leader of the Opposition. Both are of equal importance and both deserve equal vigor in investigation. I have no hesitation in saying that I will receive the undivided co-operation of both members in respect to the carrying out of the investigation.

Some hon. Members: Hear, hear!

Mr. Speaker: To repeat what I said earlier, if I did not, perhaps I would feel obligated to report that matter to the House, because the privileges of all members are affected. If I were to find that I could not go forward with the investigation, indeed I would report that to the House. However, the indications at this point are that that will not be the difficulty.

I have reported the preliminary findings to the hon. member for Central Nova and I have indicated to him that we are prepared to go forward with assistance from outside forces if that is what he wants. I will indicate the same thing as soon as we have had a chance to check in a preliminary way the matters raised by the hon. Leader of the Opposition. If I have any hesitation about the response and co-operation of any of the members involved, and if I think it involves the privileges of members, I will report that to the House before taking any further action.

* * *

Mr. McGrath: Mr. Speaker, I rise on a procedural point of order. I hesitate to bring it up at this time; however, I think Your Honour should consider it. My point of order stems from a new revelation made in the House today by the Prime Minister. It was referred to by the hon. member for Oshawa-Whitby during the course of his question of privilege. I refer to the quotation which the Prime Minister made from a document which he has in his possession today, from Mr. John Starnes.

• (1552)

On the face of it, it seems to shed new light on a question which has been seizing the attention of the House for the last number of days. According to our rules, once it has been quoted from it should be laid on the table of the House. In support of my argument I draw the attention of the Chair to Beauchesne's Fourth Edition, citation 159 (2) which states:

Point of Order—Mr. McGrath

A minister of the Crown is not at liberty to read or quote from a despatch or other state paper not before the House, unless he be prepared to lay it upon the table. This restraint is similar to the rule of evidence in courts of law, which prevent counsel from citing documents which have not been produced in evidence. The principle is so reasonable that it has not been contested; and when the objection has been made in time, it has been generally acquiesced in.

That document may very well shed new light on the matter which is before the House which has seized the attention of the House and was officially brought to the attention of the House by the Solicitor General on Friday last.

At the same time, Your Honour, I would refer you to references which have been made, in answers to questions in the House by the Solicitor General, to a letter which appears in the affidavit referred to in the question period today and yesterday. The affidavit was filed with the Quebec commission of inquiry. The affidavit refers to a letter between the then director general of the security services and the Solicitor General. Numerous references have been made, as Your Honour will learn upon examination of the record, to that letter.

The letter has been the subject of questions, and I submit that it clearly falls within the interpretation placed upon these matters by Beauchesne and by our Standing Orders. I respectfully submit that the Solicitor General, who has already agreed to lay this letter before the federal commission of inquiry, the McDonald commission, should be obliged under the rules, traditions and practices of the House to lay the letter on the table of the House.

Mr. Lang: Mr. Speaker, on the point of order, I think it is obvious that the Prime Minister, to whom reference was made, would have to be here for there to be a final disposition of this question. However, I would just like to say at this time that it did not seem to me that he was indicating specifically that he was quoting from a document.

An hon. Member: Yes, he did.

Mr. Lang: Hon. members, as I have, probably read the words referred to this morning in a newspaper, and perhaps that is the document which was being quoted from.

Mr. Speaker: As I have always attempted to do in the past, I think I should follow the practice of inviting representatives of the government, as I will, to examine the transcript of today's proceedings in order to see what the Prime Minister in fact said, and then to pursue arguments as to whether that technically constitutes the citation of a document.

The conditions which require a document to be produced are quite clear and capable of very precise definition, and if those conditions exist, I am sure they will be immediately recognizable. Therefore, I invite hon. members on both sides who are interested in this argument to examine today's transcript and to renew the argument on Monday, as I will, to see whether the circumstances are such as to warrant production of the document pursuant to our practices.

Mr. Paproski: Mr. Speaker, you could check the video-tape also.

[Mr. McGrath.]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I must say that the hon. member for Edmonton Centre is fairly close to the mark, now that we also have an electronic *Hansard*. However, that is not the reason I rose.

I want to ask the Parliamentary Secretary to the President of the Privy Council whether he can advise us of the business of the House for the balance of today, and what the intentions of the government are with respect to Monday and next week as far as he can see.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, during the time we have left this afternoon we shall continue consideration on third reading of Bill C-3 concerning the reorganization of Air Canada. If we conclude the third reading today we shall continue with Bill C-8 entitled an Act to amend the Canada Labour Code. Monday morning we should proceed with consideration of Bill C-5 entitled an Act amending the Canada Elections Act and Monday night with Bill C-11 of the Minister of Finance amending the fiscal legislation. Mr. Speaker, as concerns our business for the following days and the rest of the week it will depend on the duration of the debate on Bill C-11. We should be able to inform the House leaders of the opposition on this subject next Monday.

ROUTINE PROCEEDINGS

[*English*]

NATIONAL ADVISORY COUNCIL

TABLING OF REPORT "PEOPLE IN ACTION"

Hon. John Roberts (Secretary of State): Mr. Speaker, in accordance with the provisions of Standing Order 41(2), I should like to table in the House copies, in both official languages, of "People in Action", a very important report of the National Advisory Council on voluntary action, to the Government of Canada.

* * *

ANTI-INFLATION BOARD

TABLING OF REPORTS MADE TO ADMINISTRATOR

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act, I wish to table, in both official languages, copies of reports sent to the administrator by the Anti-Inflation Board.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: 149, 195, 205 and 295.

[*Text*]

VENDING MACHINE FRANCHISES

Question No. 149—**Mr. MacKay:**

1. Does the Department of Supply and Services award vending machine franchises in government owned buildings and, if so, what procedures are followed?

2. Have any companies been awarded contracts in (a) Halifax (b) Moncton (c) Montreal (d) Quebec City (e) Toronto (f) St. Catharines (g) Hamilton (h) Sault Ste. Marie (i) Winnipeg (j) Regina (k) Calgary (l) Edmonton (m) Vancouver and, if so, what is the name of the company and the details of the contract?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. No.

2. Not applicable.

PERSONS UNDER CONTRACT TO CPDL

Question No. 195—**Mr. McKenzie:**

1. What is the total number of persons under contract to Canadian Patents and Development and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as Canadian Patents and Development Limited is concerned: 1.

	Total	Retired public servants
1	1	1
2. (a)	$24,727	16,000
(b)	4,082	Nil

PERSONNEL UNDER CONTRACT TO OFFICE OF CHIEF ELECTORAL OFFICER

Question No. 205—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Office of the Chief Electoral Officer and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): 1. One—not retired public servant.

2. (a) $4,150; (b) $12,000. None of the persons involved were retired public servants.

NOTE: The answers to 1 and 2 (b) relate to the Commissioner required to be appointed by the Chief Electoral Officer pursuant to the provisions of subsection 70(4.1) of the Canada Elections Act.

OFFICE OF CHIEF ELECTORAL OFFICER—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 295—**Mr. McKenzie:**

1. Has the Office of the Chief Electoral Officer obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Office of the Chief Electoral Officer in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): 1. (a) (i) Nil; (ii) Nil; (iii) Nil; (iv) Nil; (v) 2—1975; 9—1976; (vi) 2—1976; (vii) Nil; (viii) Nil; (ix) Nil; (x) Nil. (b) N/A.

2. Main estimates.

3. (a) 1975 Ontario $6.89—1976—$5.87; 1976—Quebec $6.70. (b) Information not available. (c) (i) Ontario, $4,234.04; (ii) Ontario, $9,242.21; Quebec, $2,790.41.

Mr. Paproski: Mr. Speaker, I rise on a point of order. We usually get in advance a list of the questions to be answered. I think the parliamentary secretary should have let us know about half an hour or so prior to this time.

Mr. Hnatyshyn: We are just now getting them delivered.

[*Translation*]

Mr. Pinard: Mr. Speaker, I wish to say that we have taken the good habit of giving the answers to those questions on the same day. It was probably by inadvertence that today the hon. member did not receive his—

[*English*]

Mr. Paproski: There is no translation.

Mr. Pinard: Mr. Speaker, all I am saying is that the hon. member is now in possession of those answers. Usually we give the list of questions to be answered in advance. It was inadvertent that today this came late. We are sorry for that. I assure the hon. member that in future we will have the list in advance.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): You are an honourable man.

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

GOVERNMENT ORDERS

[*English*]

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House resumed, from Wednesday, November 2, consideration of the motion of Mr. Lang that Bill C-3, respecting the reorganization of Air Canada, be read the third time and do pass.

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I do not think you will find my comments as provocative as those we have already heard this afternoon. But that is not to say they are without some importance, especially for the people I have the honour to represent in this chamber. I want to assure the House that it is not my intention to delay unnecessarily the progress of Bill C-3, but I intend to make a short intervention.

I think it is necessary to support and emphasize the remarks made by the hon. member for Edmonton West (Mr. Lambert) last night when he began the debate on third reading of the Air Canada bill by speaking of the very real need to improve the services at the Edmonton international airport as a way of carrying out the services this bill is intended to provide. After all, if we are to be concerned about improved management of Air Canada and improved service in the air, it makes little sense to be concerned about those things without, at the same time, being concerned about improving service for travellers when they are on the ground and, particularly in Edmonton, to be concerned about breaking the log jams which occur there.

• (1602)

I recognize that the reorganization of Air Canada will be of major importance to the travelling public in our country. As one who has, as I am sure have so many of my colleagues in this House, flown half a million miles in my parliamentary career, I think it necessary to emphasize that without the improvement of ground services relative to the increasing speed with which air passengers are transported, the air transportation policy, particularly as it affects western Canada, makes little sense.

I want to assure you, Mr. Speaker, it is not only the present I am concerned about, but the future as well. It is clear that the west is emerging as the pre-eminent economic force in the life of Canada. We see the balance of economic power shifting westward. It is the west, and particularly northern Alberta because of its position as the gateway to the north, that will provide the cutting edge to a strong and stable economic future for Canada. As Mr. Justice Hall recently noted:

It would not be too much to say that the Alberta gateway to the north provides a setting for the national dream in a contemporary context.

If this is true of rail service, which Mr. Justice Hall has been studying so deeply, how much more true it is of air service, in the new era we have entered. The cut in the allocations by Treasury Board for certain alterations and expansions will have profound implications for air travellers, particularly those using the international terminal in Edmonton. These things are of great concern, not only to myself and members from the Edmonton area but to members representing constituents who in increasing numbers use the airport serving northern Alberta. As a matter of fact, we are assured by no less an authority than the general manager of the Edmonton area air service commission, Mr. Allan Bleiken, that 1.2 million passengers per year now use the Edmonton airport and that very shortly the number will be in excess of 2 million.

The cut from $28 million to $5.6 million will mean that the minimum required improvements to the Edmonton airport will take place, since the $5.6 million has been applied to secondary improvements such as parking and baggage facilities. While these are important by themselves, they do not address themselves to the central question in that airport, which has to do with needed structural changes to enlarge the gateways and, secondly, the necessity for preclearance for passengers travelling to the United States. In a letter written to me recently, Mr. Bleiken writes:

The decision by the Treasury Board will result in serious air service problems for the citizens of Edmonton and for visitors to our city.

The way in which the cutback has been announced, following repeated assurances that Edmonton would be in line for increased facilities precisely because of the growth of passenger traffic in the area, was peremptory and ill reflects the need to strengthen the development of transportation services as a means of enhancing the economic development of the west, particularly Alberta.

The structural expansion of the airport would enable Edmonton to handle the large sized 747s and 10-11s that are now becoming part of the service in the province of Alberta as part of the over-all transportation system moving westward. The conditions which result from larger-sized planes now using an airport designed for smaller jet craft with services planned in the 1950s, although the airport was opened in the early 1960s, demonstrate that the facilities are now outmoded. I think it is time we put this question to the minister: Will he not give consideration to reopening the matter with Treasury Board? The argument of restraint, or that there is expansion at other airports, particularly Calgary and Mirabel which have taken the money that would otherwise have been available to Edmonton, needs to be re-examined.

I think it would be helpful, Mr. Speaker, if I read a passage from a letter I received from a distinguished Edmonton citizen, Mr. Robert Matheson, a former councillor of that city. He chose not to run in the recent municipal election, so speaks now as a private citizen, but out of his experience and study of transportation questions affecting Edmonton. He writes:

I have been one of the greatest advocates of restraints in all government spending whether municipal, provincial or federal, but the federal Ministry of Transport action in rejecting the completion of the minimum requirements to provide Edmonton with a transportation facility which is absolutely essential, having regard to our position as the gateway to the north, the seat and centre of a vast industrial expansion and the site of the Commonwealth Games to be carried out in 1978, is, without qualification, uncalled for, unfair and completely discriminatory.

When we realize that the province of Alberta is pouring billions of dollars of additional revenue into the federal treasury from the production of our natural resource, and no natural resource production from any other province in this Dominion has been taxed in the same manner and to this extent, it makes one realize why there is so much anti-federal government feeling growing up throughout the entire country.

The vast and unwise expenditures by the Ministry of Transport in such projects as Mirabel and the proposed new Toronto airport should be no justification for completely ignoring the legitimate and reasonable request and requirements of the capital of Alberta.

I wanted to share that letter with the House, Mr. Speaker.

Mr. Lang: Mr. Speaker, I rise on a point of order. I wonder if the hon. member would permit a question?

Mr. Roche: When I have finished my speech, Mr. Speaker.

Mr. Stanfield: Stop terrorizing us, Otto.

Mr. Roche: Mr. Speaker, I turn from the primary question of structural enlargement of the Edmonton international airport in order to better serve the travelling public of western Canada. The second argument I wish to present to the House concerns the facilities for preclearance. That is a subject which has been repeatedly drawn to the attention of the minister and to that of his colleague, the Minister of National Revenue (Mr. Guay). I wish to pay tribute to the former minister of national revenue, now Minister of National Health and Welfare (Miss Bégin). In her capacity as minister of national revenue she made some marginal improvements in having overtime facilities provided for customs officials servicing Edmonton-bound passengers travelling back from pacific destinations. That is an improvement which I wish to acknowledge. I must add, parenthetically, that it was an improvement brought about as a result of a tremendous wave of pressure from the Edmonton travelling public.

● (1612)

Mr. Paproski: And from Edmonton members.

Mr. Roche: We now turn to the question of the preclearance facilities put in on a regular basis to serve passengers travelling to the United States who do not wish to be inconvenienced, especially now with the opening of the Calgary airport with preclearance facilities, by having to get off the plane in Alberta for preclearance, once having got on in Edmonton, and then going on to the United States. The argument that has been presented, namely, that structural changes in order to permit preclearance facilities put in at the Edmonton airport, demand a great expenditure of money, is one that is open to question.

I call as my witness in this question of how much needs to be spent in order to put in preclearance facilities, Mr. H. L. Morrison, consulting engineer, who has already written to the minister. I am not sure that the minister has had an opportunity to examine Mr. Morrison's argument, but I will reduce it to one or two sentences. Mr. Morrison is saying that smaller projects in the Edmonton airport could well be undertaken by the government, consistent with its general policy of expenditure restraint, to provide the kind of service that the travelling public has the right to expect. Mr. Morrison writes:

I simply cannot believe that preclearance service cannot be provided to everyone's satisfaction without a major modification to the terminal.

In other words, it would be possible and consistent with the government's restraint policies to honour its commitment for preclearance soon, and not repeat the argument that we cannot have preclearance in Edmonton until the restraint has been lifted and more money can be spent.

Mr. Paproski: Before the next election.

Mr. Roche: I believe we should take into consideration the 1974 bilateral agreement between Canada and the U.S. which provided for the establishment of preclearance facilities in Edmonton and in Calgary, and note that these facilties are not in place in the manner provided in the agreement.

Mr. John Barry, president of the Edmonton Chamber of Commerce, pointed out as follows:

Passengers travelling to the United States from Edmonton and Calgary are severely inconvenienced by the lack of preclearance facilities.

My argument now is that if the permanent structural facilities cannot be installed, then consideration should be given to the installation of temporary preclearance facilities, in order that the public attending the Commonwealth Games in Edmonton in 1978 can be served more expeditiously, and the movement of traffic to the Edmonton airport expedited. My argument for an improvement soon at the international airport at Edmonton is not based only on the convenience of travellers. It is centred on the economic imperative—if the minister wishes to pursue this matter, I hope he will listen to my concluding argument as to why I am making this representation on behalf of the Edmonton airport—of improving transportation services as an essential component of development that will be of benefit to the entire west, and hence to Canada.

My approach is not chauvinistic, but national. If we are to save Canada in a renewed confederation, there must be stronger regional development, and this cannot be done, in such a far-flung country as ours, without better transportation facilities. Improvements at the Edmonton international airport are part of the institutional changes that will accommodate this new economic era for Canada, led by the west. I would, therefore, like to suggest in conclusion that proposals to improve Air Canada should include not only reorganization, which we have been discussing in our debate on this bill, but consideration of the physical needs of air travellers and the role that Air Canada can play in keeping Canada together.

Finally, if we must avoid a commitment to large expenditures now, then I suggest that certain structural changes at the Edmonton airport, and the immediate implementation of preclearance facilities, can be done with expenditures that are consistent with restraint in the government and will also be of service to the travelling public in the manner I have described.

Mr. Lang: I rise on a point of order, Mr. Speaker. I understood the hon. member was willing to answer a question. I refer back to the point at which I wanted to ask the question.

I do so as a member from western Canada who has fought long and hard for many things in the west, and who has a proud record of achievement in that regard, even with regard to measures which I myself have sought, particularly in the grain area, such as hopper cars, two-price wheat, and the like.

I refer to the quote from the hon. member's correspondent about facilities for other places. I hope the hon. member will tell me that he was not quoting with approval this kind of reference from one region to other regions as though that were a ground for complaint of a separatist nature. I also hope he will tell me that when he replies to the correspondent he will draw his attention to the recent opening of the Calgary airport, at a cost of about $130 million, and point out that on a per capita basis per province that is a larger investment in that province than the Mirabel airport was in the province of Quebec.

Mr. Roche: The minister has drawn a rather excessive interpretation from the quotation and, I may say, an unfortunate interpretation of my correspondent's letter. He pointed out, very properly, that the commitment, having been given some time ago for structural expansion of the Edmonton airport, it is now delayed because of increased expenses at other airports as a result of inflation because this government has not been able to stop inflation in this country, which is hardly a reasonable policy for the strengthening of confederation which is at the heart of so many questions in the House. I will be responding to my correspondent very fully and indicating to him the response of the minister.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, there is a certain plausibility to this bill and to some of the changes that the bill proposes which, I think, obscures the basic irrationality of the bill and why it is very bad legislation going in the wrong direction. Over the years I have seen many ministers of transport, and I think each of them, in his own way, turned out to be a greater failure than his predecessor. It is not that the ministers of transport whom I have known over the years intentionally wanted to be failures, intentionally did not seek to do good, or felt that the kind of things they were doing would give them some kind of immortal gloss in that office which history would remember with gratitude; they get going in the wrong direction, forgetting the fundamental thing about the nature of transportation in a country like Canada. Transportation in Canada is not just another service to be looked at in terms of profitability and efficiency. That is not to say these things are not important, because they are important. What tends to be forgotten, and I regret that it is something the old Tories knew but the new Tories do not seem to know, is that transportation in this country, more so than any other country in the western world, was an instrument of binding and holding the nation together.

● (1622)

We hear talk of doing this, that or the other, lopping off this line, saying this one is not paying, and so on. What that does is tear apart the cement that holds confederation together. Many say it was 100 or 110 years ago that the railroad was promised to British Columbia, that it was a long time ago that the Crowsnest rates were put into place, and we had to subsidize the maritimes in order to bring them in. However, that is an on-going debate. No issue in Canadian history has remained so much to the fore as has the issue of transportation.

I make these remarks in the way of a preamble. I do not do this in a way critical of the Minister of Transport (Mr. Lang). Some people accuse him of being a rather cold man. I do not think he goes out of his way to change that impression. He is an intelligent man, one who wants to do what is right in his portfolio. I am not saying that what I am going to suggest is necessarily right in all its detail; I am suggesting to the minister that he must get off the kind of track he has been pushed on to by the conservative element in this country.

Mr. Friesen: Small "c".

Mr. Saltsman: Small "c" and big "C". I will be quoting some big "C". It is the great irony of our time that the Liberals, who did so well for a long time in terms of public policies when they were picking up ideas from the NDP, suddenly reversed and are taking them from an area which will not be as productive for this country. I say this with some degree of seriousness, because transportation is important. In the time available to me, I will not be able to discuss fully this subject; however, I want to discuss such matters as competition, monopoly, public ownership, efficiency, profit and those kinds of concepts.

I want to state my basic premise. I have already stated one, that transportation is not just another service; it is the cement of this nation and must be viewed in that light. I will point out later that even the argument about efficiency and profitability does not change that. If we are to have a transportation system that unites this nation, it can only be done by a monopoly; it cannot be done through competition. Competition may be very useful with Mac's Milk stores; however, it is not useful for railroads, aircraft and buses. What this country needs more than anything else in the transportation system is co-ordination, planning and conservation, rather than the wasteful inefficiency of the kind of competitive structure that has grown up.

Whether we are talking about railroads or airlines, competition simply means that the private carriers pick up the profitable end of the deal and the public carriers get the other end of the stick. They are saddled with something called public responsibility. The problem is, it just does not work. There is competition in transportation without this crazy kind of civil war between different modes of transportation. There is international competition as a result of the international carriers. This country is too small for domestic cut-throat competition. At a time when we talk about saving energy, it is ridiculous to have planes flying half empty, and airlines competing with each other to see who can make the most smoke from one end of Canada to the other. I agree that a monopoly will not give everything the people want; there will be some inconvenience.

Someone might say that if we have competition, the stewardesses will be prettier and more polite and we will be able to

get a little more gin while flying. That is a lousy argument for a national transportation system. If you look at the sad history of transportation in this country, you will see that the whole air transportation system has been sabotaged into inefficiency by those kinds of demands.

Trans-Canada Air Lines, Air Canada's predecessor, was a fine airline. It had one of the best records in the air. It was efficient and profitable at a time when nobody wanted to touch it. However, we in Canada are not satisfied with that kind of thing. Businessmen could not stand having a government enterprise work, so they systematically set out to destroy it. I level the charge at the business community in Canada for destroying air transport in Canada. They are the ones who use the airlines and who made the ridiculous complaints about service. They said they must have a choice. What do they care? They just write it off under income tax. They talked about efficiency and profitability, yet they destroyed air transport in Canada with their silly arguments about the canapes being too dry, and the gin not strong enough. That is why we have competitive airlines in this country.

We had an airline that was a model of its kind, and we set up an enemy for it. We could not stand our own prosperity, and destroyed our own child. On this issue of public ownership, Liberal and Conservative governments see eye to eye. It is very convenient.

Some hon. Members: Oh, oh!

Mr. Saltsman: When it comes to private enterprise, they put their hands over their hearts and say, "That is the answer". The Liberals have always done that. The Tories should know better. Sir John A. Macdonald would be ashamed of them. I say this with some degree of feeling. Why did they create competition for Air Canada? To begin with, the government starved TCA. It was only after there was competition that they allowed them to expand and obtain proper aircraft. We had the makings of a fine air transportation system. The consequence was that with competition came increased costs and reduced service. The businessman was happy because he could threaten to go from one airline to the other. What a terrible cost to this country in order to satisfy that kind of silly carping demand! How long is a person on an airplane? It is usually only about an hour. If the coffee is not quite as good as it should be, big deal! I do not fly on airlines in order to drink coffee.

I know the minister will see this bill pass through the House. That is his responsibility. I do not know how he feels about it personally. It is a government bill, and the minister accepts the responsibility to put it through the House. I ask the minister to think about what I am saying. What is the virtue of public ownership? I do not see any particular virtue. I have never been hung-up on ownership one way or the other. I am not making an ideological argument that public ownership is better than private ownership, or vice versa. The argument I make is that the nature of transportation, the need to conserve energy, the need for forward planning, and the large amounts the government spends to build airports and the infrastructure, calls for a monopoly situation.

Competition in internal air transport is ridiculous. International competition is sufficient. You cannot have an efficient airline by cutting its throat. It is not an efficient use of resources to have planes flying with half loads. You need a monopoly in order to have efficiency and, as some of my friends say, profitability. The question of public ownership does not arise because of an inherent virtue in public ownership, but because of the question: To whom do you give the monopoly? A case can be made that monopoly in transportation is the way to go. If you make that kind of case, to whom will you give it? You could give it to a private company. I guess that would work. We do that in the case of Bell Telephone. Or you could give it to the government because the government has to underwrite the private company, anyway. If the company fails to do certain things which are in the public interest, the government is asked to pay for it.

● (1632)

I listened with great interest to the intervention of the hon. member for York-Simcoe (Mr. Stevens) yesterday. When he had finished, I directed a question to him. He wanted to place the airline on a basis of some sort of profitability, and I asked him, "What do you do about the small places where it is not profitable to go, places where it doesn't pay?" "Oh," he said, "you subsidize". Surely, that is the worst kind of illusion, whether you subsidize externally or internally. External subsidization may in the end be more expensive, because you run into a situation where the ones who are paying the subsidy—in this case the government—try to make a case that the subsidy is not needed, where as the ones applying for the subsidy certainly have a tendency—I will not say they cook their books; they are not dishonest people—to present the best possible case for their need of assistance and call attention to their poverty. So you end up with two bureaucracies tearing away at each other, each trying to prove the other wrong. Before the matter can be decided, both of them must appear before a third bureaucracy which is called the Transport Commission.

Some day we shall get public ownership, not because anybody is going to listen to the arguments of the socialists but because people will get tired of this whole mess, people arguing with each other back and forth, as is the case with the Bell Telephone, one side wanting to raise the rates and the other side wanting to lower the rates, politicians getting in the middle and a board trying to decide the whole thing.

People will throw up their hands in despair and say, "For God's sake place it under public ownership and be done with these lawyers, these accountants, these bureaucrats, these computers, these inputs and outputs and the regressive analyses that no one can understand". They will say, "Let us run it on that basis". So socialism will come in with a whimper, rather than with a bang, and for different kinds of reasons.

An hon. Member: Yes, and they will nationalize the dry cleaners, too.

Mr. Saltsman: Well, there are times when I wish they would nationalize the dry cleaners and take me off the hook. A lot of this illusion about profitability is an illusion for purely ideological purposes because I think it suits the ideological needs of some people, some nice people for that matter, who say that if you have profitability as a test, it always works even though you have to add, as a rider, that to serve the public interest you have to provide very large subsidies and then you have a problem about how those subsidies should be allocated.

I should like to recall the experience I have had with the CNR and the CP railways. The Parliament of Canada, very properly, felt that passenger services were in danger and that we should do more to restore them. In parliament after parliament, committees have urged both the CP and the CNR to do this. It is interesting to note what the consequences have been. If you go to the Union Station in Toronto, a very good example, and you look at the board showing passenger services, you will find that the CPR has three passenger train runs out of Toronto. All the rest—and there are dozens of them—are run by CNR. What is the reason? The CPR is, of course, privately owned. People say the CPR is a marvellous example of how private ownership works, and public ownership of the CNR is a disaster.

Of course the CPR works; they get out of their responsibility for carrying passengers. Their tracks are free to run freight like mad. But the CNR, the one we are supporting, gets stuck with "social purposes". The people say, "See, I told you. Everything the government touches is no good". The CNR has to go to places where CP will not go because it is not profitable to do so. Someone says the CN does not go to some of those places either. Well, the CNR is picking up the same bad habits of profitability. It is natural. It is an example of Gresham's law on currency.

Mr. Whittaker: That's going rather far.

Mr. Saltsman: I am glad to see there is somebody in the House who understands Gresham's law. Perhaps if I explain it the hon. member will find he does not understand it after all. Gresham's law is very simple. It says that bad currency drives out good currency. If you put bad and good currency together—

The Acting Speaker (Mr. Turner): Order. I suggest that the hon. member get back on the rails.

Some hon. Members: Oh, oh!

Mr. Saltsman: Well, I listened to that advice. When I hear "back on the track" from the distinguished occupant of the chair, I listen with great attention and respect, both from a procedural and from a practical point of view.

An hon. Member: And he can blow the whistle, too.

[Mr. Saltsman.]

Mr. Saltsman: Yes, and he has the advantage of being in a position to blow the whistle in addition to all the other power he possesses as one who occupies such an exalted position.

This is a very serious discussion, and while levity is always of some help in breaking the tension of a serious discussion, I think we have to go back to the argument I am trying to make to the House.

We went through an examination of the Telesat Corporation when it was first set up at the time the Hon. Eric Kierans was minister of communications. The original proposal brought before a committee of the House of Commons was that Telesat be a troika. Troika was a very popular conception in those days, being three horses running off in different directions with a Russian carriage behind them. Nobody ever figures out what happens to the carriage, whether it goes in three parts or stays in one piece. The troika was supposed to consist of the government as the third partner holding one-third of the shares, the communications corporations holding another third of the shares, and the public holding the remaining third.

Here was a case of the government taking all the risks. The government was virtually putting up the capital, the government was making the decisions as to the rates—it was not a public enterprise—but was only getting one-third of the shares. I said at the time that those shares would never be put on the market, because why in the world would private shareholders be needed in connection with something like that? There was some argument for bringing in the common carriers because they were going to be the users of it, and there was the argument that they would have some technology which they could make available to the corporation. So some kind of a case could be made along that line. Now we have nothing but trouble with this concept.

They are coming to parliament. Some people don't want Bell Telephone in it. They say that having Bell associated with Telesat creates a conflict of interest—and it does create a conflict of interest. There was never any reason for having the common carriers in there. If they have good advice to offer, hire them. If you were willing to pay their consulting fees, they would be very glad to consult with you. If they were not willing to do it, there would be other communications companies that would. So why cut them into the deal, and why complicate things by having mixed objectives?

The foolishness of the whole thing is simply this: they said the thing might not make money. How could it avoid making money, because if it loses money the government simply authorizes a rate increase? So it would always make money. It is the next best thing to Lord Thomson's television station. It is a licence to print money. The government has to make sure it does not go broke, and they are responsible for the rate. It is like Bell Telephone. How can Bell Telephone not make money? What telephone company would you go to, if you did not use Bell Telephone? If Bell Telephone is not making money, it simply goes to the Transport Commission and opens up its books, to the extent that they have their books organized, and says, "Look, we are not making enough money. Increase the rates". That would be a very risky type of private

enterprise. For example, people might stop using the telephone.

● (1642)

I overstate the case, Mr. Speaker, and I do so because I want to point out what I think is the ridiculousness of having all these things which are natural monopolies, which are there for the service of the public, things which tie a country together and regarding which you do not apply the ordinary test of market profitability and competition.

Mr. Friesen: I have a point of order, Mr. Speaker.

The Acting Speaker (Mr. Turner): The hon. member for Surrey-White Rock (Mr. Friesen) is rising on a point of order.

Mr. Friesen: Would the hon. member for Waterloo-Cambridge (Mr. Saltsman) permit a question?

Mr. Saltsman: I will always permit a question from such a distinguished member.

Mr. Friesen: The hon. member used the term "natural monopoly". In the extension of his philosophy, does not everything soon become a natural monopoly?

Mr. Saltsman: I had hoped, Mr. Speaker, that I had made my position clear. There are not that many natural monopolies, nor are there are many things which benefit from a monopoly. But I say seriously to the hon. member who has asked this question that when we are worried about running out of gas and oil, when we are worried about flying planes which are half empty from Vancouver to Toronto or Montreal, does it make sense? Does it make any sense at all to have two planes flying the same route, using twice the amount of fuel that would be required if one plane were to do that job?

Mr. Friesen: That is only Otto and Jack.

Mr. Saltsman: No, it is not only Otto and Jack. You can blame him for that so long as it is in Canada. If you want to blame the Minister of Transport for your wife's carbuncles, if she has carbuncles, or for my children's buck teeth, if they have buck teeth, fine, so long as they are living in Canada. The same kind of silliness is going on in the United States, but as powerful as the Minister of Transport may be, I do not think that he is so omnipotent that he is able to affect events in the United States.

I have heard the hon. member and other hon. members talk about the need to conserve energy because we are running out of fossil fuels. What could be more wasteful than the stupid kind of duplication which we have where several aircrafts fly the same routes, none with full loads, and all competing with each other for businessmen who are going deduct the cost of their fares from their income tax, so that the government is going to pay half anyway? Of course, politicians use the airlines, but we are no revenue producers. Although there are people who use the airlines to visit mothers, sons and daughters, the airlines really exist, like the Post Office, as a service to the businessmen of this country.

It is the businessmen of this country, with their shortsightedness and their talk of profitability, who have destroyed the transportation system, as they have destroyed the Post Office. They are always talking about the Post Office. As far as most people are concerned, Mr. Speaker, you could shut the Post Office down permanently, for all the effect it would have. But all our businessmen would never be able to collect their bills. The Post Office exists so it can distribute all these stupid circulars and bills. It is the businessmen who are the first to be critical of the Post Office. Heaven help the government if the Post Office raises the cost of postage by two cents. Businessmen will give $2 to a private courier, but they will not give the government 14 cents to post their mail.

Mr. Friesen: You are giving us the hyperbole.

Mr. Saltsman: Yes, I am, because sometimes the hyperbole is the reality. This is the kind of silliness that goes on when talking about public effort versus private effort. As all hon. members know, I am an advocate of public ownership. I am not afraid of it. I think public ownership very useful in many ways. But neither am I an ideologist who says that public ownership is always better than private ownership, that profit is no good. I simply ask that on things like transportation, which is vital to this country, the conservation of energy and use of our resources, you keep an open mind.

In conclusion, Mr. Speaker, I have far from exhausted what I wanted to say, and I make no pretence that I have covered everything, but we in Canada who have really pioneered public transportation, the concept of public responsibility and public involvement as a way of nation-building, are moving backwards now at a time when our neighbours to the south are realizing that we were right in the first place. They have introduced Amtrak now. They are consolidating their airlines and co-ordinating them to eliminate the wastefulness of the competitive system which exists among American airlines. But we are being regressive. We are going backwards. It is difficult to know why, except for this kind of prevailing mythology.

It seems to me, Mr. Speaker, that if I want to do something substantial to improve the profitability of our airlines' system for the nation, we should get rid of this phony kind of competition that exists between the railroad system and the airlines. Both should be co-ordinated. A person should be able to stop off at a train station and make, not a direct connection at that point but at least a better connection to an airline or a bus than is now the case. We have a disjointed, disorganized, inefficient, unprofitable transportation system, and all because of this misguided notion that transportation is like selling soap.

Mr. Arnold Malone (Battle River): Mr. Speaker, the first thing I should like to do is to compliment you, sir, as Speaker, on staying in your chair during the last speech. I think it shows a degree of bravery on your part that I would commend you for. I listened to the hon. member for Waterloo-Cambridge (Mr. Saltsman) putting forward some of his—I was going to

say "reasons", but I will backtrack on that and say "some of his whatever that was". For example, he said that he believes in public ownership in areas which are vital, without giving any further definition, believing that that meant transportation.

I put to him a challenge: if he assumes that transportation is vital, and that therefore it ought to be publicly-owned, what does he say about the oil industry, about timber, about housing, about clothing, textiles and food? In other words, simply to say that because something is vital to a human being, it ought to be under public ownership is not enough; this covers far more than just the field of transportation. I think the hon. member would have to give that particular argument more substance than he has today.

As you know, Mr. Speaker, I come from farming and ranching country, and we are not very happy when we see our beef filled with cereal. We call that filler, and I think that is what the last speech was. Instead of using cereal grains as filler, though, it was dandelion fuzz. The hon. member for Waterloo-Cambridge said that competition will not work. He said that in the essential services you need to have public ownership for reasons of efficiency. I should like to see him use that example in my riding, or indeed anywhere in Canada, and to say that the Post Office is the institution which is the epitome of efficiency in this country. I submit that virtually everywhere in Canada today the view is held that the Post Office, with its monopoly, does not demonstrate in any way the concept of efficiency.

The hon. member also said that we needed a monopoly in air transport because it is the government that builds the airports and the runways. To follow that argument through to its logical conclusion, we would have, as is the case in the Soviet Union, little cars with no style at all going across this country because the government builds the highways. In other words, he is saying that because the government builds part of a system, it ought to be owned by the government and there should be no private carriers. This would mean, in this country, that no individual could own a private car.

Then the hon. member said public ownership would avoid proliferation of the bureaucracy. That, Mr. Speaker, is when I noticed that you did up your safety belt. If he suggests to us that we should have public ownership in order to get rid of bureaucracy, it is evident he has done no reading at all about the last few years, what has happened to this government and what has happened to the bureaucracy within government agencies.

● (1652)

As the hon. member for Edmonton-Strathcona (Mr. Roche) indicated, I should like to refer to some of the problems relating to the Edmonton international airport and the tremendous need to resolve the problems in that area. I noticed the Minister of Transport (Mr. Lang) rose today in an attempt to take some credit for the fact that a $130 million airport terminal was built in Calgary and, therefore, presumably he had done something great for western Canada. It is interesting

that the Minister of Transport and the Minister of Industry, Trade and Commerce (Mr. Horner) could not ride in the same plane to the same city. They took two Jetstars out there, which is one example of inefficiency.

Mr. Max Ward, the president of Wardair, indicated that it was a pretty enough airport to look at, but they cannot afford the landing fees at that airport. There is a need for getting a system into place in order for the people of this country to have basic, efficient transportation, yet they build a marble hall for the Minister of Transport in order for him to be in a position to say, "I built this for the people of western Canada", regardless of the fact that it does not do justice or provide a service to the whole, integrated network of air transportation in this country.

Surely, Edmonton is one of the major cities of the prairies. As the gateway to the north, it should not have to suffer through the situation of two Jetstars sitting at the airport in Calgary, when paraplegics and invalids are required to go down two sets of steps in order to board an aeroplane in Edmonton, Alberta. If you come to Edmonton from other countries, you are literally herded into rooms which are as insufficient as cattle pens, while you are cleared through customs. The reason is that there are no facilities at that airport to handle people in a humane way. I do not say that in jest; I say it in all seriousness. The fact that when someone arrives in Edmonton and is required to take an invalid down two sets of stairs is simply an insult. As the president of Wardair said, it is a case of overbuilding in places like Mirabel and the Calgary international airport, while short-changing some other part of our country. That is unacceptable to us.

Some hon. Members: Hear, hear!

Mr. McIsaac: Mr. Speaker, I rise on a point or order. It seems to me we are wandering quite far from the bill before us. Unless the House order was changed in my absence earlier this afternoon, we are debating whether to incorporate Air Canada on a different basis. As I understand it, we are not examining the estimates of the Department of Transport.

The hon. member for Battle River (Mr. Malone) was critical of the remarks of the preceding speaker, who was at least on the theme or the principle of the bill. The preceding speaker was dealing with the bill before us more adequately than the hon. member for Battle River and the hon. member for Edmonton-Strathcona (Mr. Roche). I share some of their concerns with respect to that airport, but surely they are completely out of order in making purely local representations on a bill which does not deal with that question. Surely it would be better dealt with in committee.

Mr. Malone: Mr. Speaker, I appreciate the intervention of the hon. member for Battleford-Kindersley (Mr. McIsaac). This intervention demonstrated that we touched a sore point. As he mentioned, he is aware of the inadequate facilities at the Edmonton international airport. Therefore, he did not want us bringing up that subject in the House of Commons, because he thought we should not embarrass the government about it. It is

time to recognize that there was a precedent in the third reading debate on this bill last night. It was set by the hon. member for Edmonton West (Mr. Lambert) who spoke upon that issue. It has been referred to in the House today, as well. The precedent has been established that this is part of the issue we are talking about when dealing with third reading of this bill related to Air Canada.

It has been stated that the economic power of Canada is being shifted from central Canada to a centre of gravity somewhere to the west. As that happens, the prairies and British Columbia will become a more important economic and integral part of confederation. We need to recognize that in part we are talking about the concept of national unity.

When we talk about national unity, it is important to note that in a nation such as Canada there can be no such preview to the notion of national unity, if there is no method of national communications or national transportation. Instead of those types of objectives, we have a sense of favouring some areas over others. That is exemplified by the freight rates in this country, which are discriminatory to certain regions, the fact that we have air corridors which are discriminatory to some regions, and that the infrastructure in the whole mode of transportation across this country holds biases against certain areas.

When we talk about the Edmonton international airport, we are not talking about the citizens of the city of Edmonton; we are referring to the entire Northwest Territories, which comprise more than a third of Canada, and we are talking about the northern parts of Alberta, Saskatchewan and British Columbia. The hon. member should be reminded that my riding extends 200 miles from the city of Edmonton, and that airport is not serving a local constituency need; it is serving a major, potential economic thrust in this country.

If people had vision as to the future of the nation, they would recognize that Edmonton international airport, if developed properly, would open up enormous economic potential. As much as we would like to underline and underscore the fact that the Commonwealth Games will be held in Edmonton, it means nothing in relation to the potential development of the Northwest Territories, the Yukon and northern Alberta, all of which are relying heavily upon a national air policy that will give adequate service to the Edmonton international airport.

If we look at Air Canada's statistics, we will note that in 1974 the airline lost $18.7 million.

The Acting Speaker (Mr. Turner): Order, please. It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions (papers), private bills and public bills. As there are no notices of motions (papers), the House will proceed to the consideration of private bills.

Bell Canada

PRIVATE BILLS

[*English*]

BELL CANADA

Hon. Martin O'Connell (Scarborough East) moved that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications.

• (1702)

He said: Mr. Speaker, this private bill, Bill C-1001, is a measure respecting Bell Canada. It is identical to Bill S-2 which was passed by the Senate of Canada some 11 months ago, in December, 1976. As the House will recall, Bill S-2 was subsequently given first reading in this House in December of last year. Second reading debate began on January 27, 1977, some nine months ago, but did not conclude before the House prorogued on October 17, just a few weeks ago. In reintroducing this bill under its new number, Bill C-1001, I would like to review briefly its four main objectives. Then I want to conclude with an appeal or a plea that the House send the bill to committee as early as possible so that a detailed examination of its objectives and clauses can be made.

Perhaps it would be worth while to remind ourselves of certain basic facts about Bell Canada. One of the least known facts is that this company has a charter which, in effect, is a special act of parliament and the charter can be changed. Many companies seek changes to their basic constitutions as conditions in the economy change, but the charter of this company can be changed only in a special way, that is, by a private bill introduced into this House by a private member, and not by the government. That means that in respect of this major Canadian corporation, some obligation is imposed upon us, as members of this House—not in this instance being led by the government, not in this instance having a party majority behind the government, but simply acting as private members—to proceed as quickly as we can to detailed examination, and the only place where that can be done is in the Standing Committee on Transport and Communications.

Bell Canada is almost 100 years old; it was incorporated in 1880. As we know, it provides telecommunications services and facilities in Ontario, Quebec and the Northwest Territories. In addition, through affiliated companies it supplies telephone and telecommunications services in the four Atlantic provinces. Bell Canada is a Canadian-owned company and it is operated by Canadians. The company has more shareholders throughout Canada than any other Canadian corporation; some 209,000 registered shareholders alone own over 97 per cent of Bell Canada's issued shares.

This, of course, not only reflects the confidence Canadians have in the company as a major Canadian utility, but it also indicates the on-going practice of Bell Canada of raising large sums of money in capital markets by way of issuing common shares. One of the objectives of this bill is to authorize the company to go into capital markets to raise more common shares, to sell more common shares and to raise more capital,

after its present authorization has run out, than the present charter will permit.

The Bell Canada group of companies employs some 80,000 people. Among these are 48,000 employees who operate the Bell system proper, the telephone system, in virtually all the communities of central Canada. A further 24,000 employees work for Northern Telecom, a subsidiary of Bell Canada. This company is the largest manufacturer of telecommunications equipment in Canada; it is a manufacturing company. A further 1,800 highly trained, skilled and scientific personnel work for a combination of Bell and Northern Telecom, a company known as Bell Northern Research Limited, which is Canada's largest industrial research and development organization.

These two companies which combine in the research and development organization have taken Canada to the forefront of the world in telecommunications technology. The integration of research with the manufacturing and the operational service section of the Bell family makes this an industrial organization which is one of the strongest in Canada. It is a model of industrial organization, and in turn it helps the telephone company to provide its telephone subscribers with economical and high-quality services.

Bell Canada's special act, which we are now proposing to amend by the bill before us, has been amended 12 times in almost 100 years by private bills not unlike that which is before us. These amendments have authorized additional share capital for the company's operations, and have kept the company's powers up to date. This bill is another in that series. In addition to those purposes, the bill proposes an alternative method for altering the company's powers, objects and share capital in the future.

As hon. members know, Bell Canada is subject to regulation by a regulatory commission which we know as the CRTC, with respect to the rates it charges its subscribers and the issuance of its capital stock.

The first objective of the bill—and there are four to which I would like to refer—is to increase the present ceiling on share capital, a ceiling provided by specific, special legislation of parliament. The ceiling was set at $1.75 billion share capital. This bill would increase that level to $5 billion. The request for an increase is prompted by the need to finance part of the huge capital expenditures program facing Bell. This program is expected to cost $15 billion over the next decade in order to expand services and facilities. The company provides its capital expenditures through three basic sources: internally-generated revenues, borrowings on the debt market through bonds and, finally, the method that is subject to approval by this House, namely, issuing common shares to tens of thousands of Canadians who invest in the company.

The second principal objective of the bill is to provide greater financial flexibility to this company in keeping with changes in the economy and in capital markets. I will not spend much time on those changes, but I might just say that presently, through this special act—which is subject to our decisions—the company can issue common shares at the par

[Mr. O'Connell.]

value of only $25. It cannot split its shares—splitting shares is a common practice as the value of shares rises, in order to enable companies to reach more shareholders with smaller amounts to invest—nor can it borrow under the authority of a general borrowing by-law. I do not think these are controversial provisions, but I am bold enough to suggest that they will not be in the charter unless we put them there. I simply will draw them to the attention of my colleagues and suggest they are in there for greater flexibility. Among the amendments included in the flexibility ones is a set to which I would draw your attention, for provision to enable Bell Canada in the future, if we approve, to issue stock without the prior approval of the CRTC, the regulatory commission. Currently we authorize the ceiling of, say, $5 billion in shares and then when the company wishes a share issue of $100 million, say, it must go to the CRTC and it must do this with respect to each issue. There is a certain irrelevance in respect of that today, as I outlined in my speech to the House on January 27 this year.

• (1712)

There is also the question of timing of a share issue and the difficulties faced by underwriters if they are going to make a commitment to underwrite the shares and then be delayed by a hearing.

The third aim of the bill is to modernize the corporate powers of the company. This is an important section, incorporating into its charter Section 16 of the Canada Corporations Act. The amendment, as proposed, would achieve the object of clarifying the existing, ancillary and incidental powers of Bell Canada and of broadening the existing, ancillary and incidental powers. For example, if adopted it would allow the company to invest in other companies having objectives in whole or in part similar to those of Bell Canada. It would also enable Bell Canada to implement government policy regarding provision of computer services by communication carriers through separate, arm's length affiliates.

The application of Section 16 to the company would place it on the same level as most other companies which can carry out their objectives in the most appropriate manner without being hampered by the constraints which presently preclude Bell Canada, except in limited instances, from incorporating or acquiring subsidiaries to perform activities it could undertake itself.

The last purpose of the bill is to authorize the company to alter its objectives, its power and its share capital in the future by applying for letters patent, that is to say, by making an application to the Minister of Consumer and Corporate Affairs (Mr. Allmand), who is the registrar general for patent purposes. Such a request would be holding the company still in parliament through a different technique than a private bill, in that the letters patent, if granted by the registrar general, would be subject to being nullified by either House of parliament during a period of 30 sitting days following their tabling in parliament. This is known as the negative resolution procedure found in the Telesat Canada Act and found in another version in the income tax conventions legislation.

I think this is a request for a change of considerable significance to all of us. I suggest we should get the bill as quickly as we can to the committee where we can examine the officers of the company and consider this matter in greater detail.

I will shorten my remarks, Mr. Speaker, as I know other members want to speak. In the debate that took place last session some members drew attention to the advisability of developing and improving the rural service provided by Bell Canada. In respect to the request for authority for new capital let me say that on January 1, 1977, the company started to implement a five-year non-urban service improvement program which, as a result of the regulatory commission's decision, was accelerated by one year. Under this program some 256,000 multi-party line subscribers will have their service improved to no more than four subscribers per line, some less than four but none more than four, over the next four years. This program alone will require approximately $600 million of capital expenditures during the four years ending 1980.

There is only one further point I should like to make, and that is to draw attention again to the parliamentary process in which we, as private members, are engaged with a private bill like this. A special act company like Bell, although regulated by a regulatory commission, the CRTC, is still required to come back to us to seek changes in its charter by a private bill without the normal legislative process of being backed as a government measure. No other way is provided for changes.

Surely in these circumstances, with a corporation of this significance employing so many people, we have an obligation to work this parliamentary process in such a manner as to move the bill to committee. It is only in committee that the merits of the proposed changes can be fully explored and debated. It is only in committee, not in this chamber on second reading, that the desirable changes, if any, can be made. Is this not the real object of the exercise of a private bill dealing with an established company like this—to examine it ourselves as members on that committee, to follow the implications of its clauses as far as we can, to question the officers of the company on their operations and the objects proposed in this new bill, including the proposal to alter the procedure for the future of amending their charter?

I submit these procedures cannot be done in this House. We dealt with the bill throughout the last session. We have had it before us in these very limited occasions of private members' hour. We are possibly in a short session. In a few months the estimates will go to committee. I appeal, as I did at the beginning, that we use this process of the private bill in private members' hour to move this bill as quickly as we can to committee where we can examine it in the detail it deserves.

Some hon. Members: Hear, hear!

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I appreciate the privilege of speaking on this particular bill. I view it with some interest, because about 15 minutes ago we listened to the hon. member for Waterloo-Cambridge (Mr. Saltsman) speak on Bill C-3 and say that some of the industries, certainly the service industries, must have a monopoly because the nature of our country demands monopolies. I spoke briefly to the hon. member for Sault Ste. Marie (Mr. Symes) and I appreciate the enlightenment he provided on this bill. He pointed out that essentially the bill would make some fundamental changes to the charter of Bell Canada.

• (1722)

I note with interest that the hon. member for Scarborough East (Mr. O'Connell) said that the bill would give more borrowing power and greater flexibility to the Company. I really have no objections to that. I think that we are living in inflationary times and inflationary pressures are on large companies such as this, so they need that extended flexibility. But I really have great concern about a bill that would materially alter the charter of the company in such a way as to eliminate—at least it would appear so—the checks and balances that parliament would exercise over that monopoly.

I believe in free enterprise and I like to see it encouraged. Because I believe in free enterprise I recognize that large companies which become monopolies pose a danger to our entire free enterprise system, and therefore there must be a check and a balance imposed on such an enterprise. For that reason I question the advisability of a bill that would allow changes to be brought in which would alter the nature of the charter and eliminate one of the checks against that monopoly on behalf of the Canadian public.

I notice that the hon. member for Scarborough East said that one of the checks would be that Bell Canada would still have to come before the CRTC for approval of rates, and so forth. That does not give me great comfort because I have made representations before the CRTC on behalf of my constituents and constituents from the lower mainland of British Columbia, and I have cause for concern about the effectiveness of those representations. I am not referring primarily to the representations I made before that body in relation to the CBC in Vancouver but, more immediately and more to the point, in relation to the brief I presented to the CRTC a few months ago when B.C. Telephone Company asked for an increase in rates in our province.

The CRTC went to great lengths to provide an opportunity for the people of the lower mainland in particular to have some input into those meetings and hearings. B.C. Telephone had corporate representatives at each of those meetings and there was an interchange between the private citizens making representations and presenting briefs and the vice chairman of CRTC and officials of the company, and in terms of the operations of those hearings they were beautiful. But when I saw the conclusions of CRTC as a result of those representations—and I remember specifically those made on behalf of, for example, senior citizens who could not afford the increase in rates, and on behalf of all citizens who were not getting the kind of service in terms of the kind of equipment being used there, and break-downs in equipment—I could not derive great comfort from them, nor was I reassured that the CRTC is providing an adequate check on a monopoly.

So I am really concerned about a private member's bill of this nature which includes a radical change of the charter, if I understand the bill correctly. The hon. member for Sault Ste. Marie will correct me if I am wrong, and again I am indebted to him for his help. If this is an essential change in the charter, then I have cause to fear the passage of this bill, because I think that whenever we are in a monopoly situation, people who are serviced by a company deserve as much protection from that monopoly as they can possibly get. As the structure now permits it, the best check and balance that we have is that Bell Canada has to come back to parliament for approval of its services and the changes that it wants to make. Again I say I have no quarrel with making it more flexible and expanding the borrowing powers in relation to the inflationary pressures which exist in today's economy, but I think we need to continue the provision whereby the monopoly must come before parliament and gain approval for the major changes it is seeking.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, Bill C-1001 relating to Bell Canada is an important bill the import of which, I fear, many members of the House do not understand fully.

It is not just the innocuous bill that the hon. member for Scarborough East (Mr. O'Connell) would like us to believe, that is, just a bill to update the borrowing powers of the company. If that were all it were in terms of having parliament authorize an increase in the capitalization of Bell, we would not find objection to it. But this bill is an exact replica of Bill S-2 passed by the Senate last year, to which we raised objections when it came to the House for approval. Our objections still stand.

What in reality this bill attempts to do besides allowing for an increase in the capitalization of Bell is to try to subvert and lessen public and regulatory scrutiny of this large and powerful monopoly. Under the act of parliament which now governs Bell, it must come back to parliament to get an authorization for an increase in its capitalization. That is not an accident. Parliament in its wisdom decided that if it were to give this private company, Bell Canada, a monopoly over the telephone system over much of this country, then it better do so only on condition that members of parliament who granted that power to the company would have, in the future, some kind of continuing supervisory power over how that company operated with reference to the very important area of capitalization.

If this bill passes unamended, we, as members of parliament, will never again have the opportunity to examine this procedure that Bell has to observe in its desire to increase its capitalization in the form that we now have before us. In the future we will not be faced with another bill of a similar nature because, if this bill passes, we will find that debate and votes will have been skirted or avoided, because the bill will get around the procedure that we have at this point. Therefore it seems to me that we will be doing a disservice to our constituents who are telephone subscribers who, over the years, have legitimate complaints against the way in which the company is operating, who have not received satisfaction from the CRTC and who, in the end, rely on members of parliament to speak up about the way in which the company is operating and to try to influence the company.

I maintain that the bill is a very dangerous one because it ends parliamentary scrutiny of the company in that sense. How will it be done? I ask hon. members to examine Clause 2 of the bill carefully because it permits Bell Canada to alter its objects, powers and capital stock by a method of letters patent. In the future it will not have to come before parliament with a special bill. By the letters patent procedure, Bell will simply apply to the Minister of Consumer and Corporate Affairs (Mr. Allmand) for the change. Letters patent will be tabled in the House of Commons. There will be no debate, no amendments possible, and no votes possible under that procedure. After 30 days of the tabling of these letters patent, they have the power to change the objects and powers of the corporation. It becomes law in terms of the way the company can operate.

● (1732)

As well, in Clause 2 in various subclauses we see that if this bill as it is now before us is passed, Bell will come under the Canada Corporations Act. If that happens, Bell will be allowed powers it does not have at the present time. It will be allowed to be treated as any other corporation in this country.

I submit to hon. members that Bell in no way can be conceived as just any other corporation. It is a monopoly. Because it is a monopoly, we in the New Democratic Party maintain we have to strengthen, not lessen, public regulation of the company. If Bell comes under Section 16 of the Canada Corporations Act, as is intended by this bill, it will allow the company to invest in any field it wants, not just telecommunications as the company is presently limited to investing in under the terms of its act of incorportion passed by the Parliament of Canada. We could conceivably have Bell investing in motels or any other kind of business, or getting into sub-banking activities which are totally unrelated to the telecommunications field.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I have been following very closely the speech of the hon. member for Sault Ste. Marie (Mr. Symes). With regard to the letters patent, he said they would be tabled and lay there for 30 days—

Mr. Knowles (Winnipeg North Centre): Lie there, I hope.

Mr. Baker (Grenville-Carleton): —and they would be approved and parliament is virtually powerless to deal with it. I cannot conceive that that would be the case. I wonder if my friend has inadvertently misled the House, because it states at page 7 of the draft bill that the letters patent, and I quote:

> —become effective on the thirtieth sitting day of either House of Parliament after they have been laid before Parliament unless before that day either House of Parliament resolves that the letters patent shall be annulled whereupon the letters patent are annulled and of no effect.

Does that not preserve the right of parliamentary action with regard to those letters patent, or have I misread the clause?

Mr. Deputy Speaker: I am not sure the hon. member is using the right procedure to intervene. He is not intervening in the form of a question but clarifying the bill on a point of order, which could be done when making a speech. In any case, we will assume it is a question and perhaps the hon. member can reply to it. The hon. member should have asked for consent of the hon. member who had the floor.

Mr. Symes: I thank the hon. member for Grenville-Carleton (Mr. Baker) for rising on that point of order. He knows as well as I the difficulty in parliament ever deciding that issue he has described. I think back to the tabling of letters patent under the Telesat Canada Act, which received absolutely no scrutiny by the House. The hon. member knows that things that are tabled often go by without the general knowledge of members of the House.

Even if it were drawn to the knowledge of members of the House, the procedure whereby the business of the House can be interrupted for debate is very complicated and difficult. It requires a certain number of members to petition for that. There is the difficulty of whether it can be done at the government's pleasure or at the time it is required, as well as the difficulty in the sense that it is an either/or proposition. You cannot make amendments. It can only be negated.

For these reasons I make the claim from the point of view of historical practice. In effect, that provision is meaningless. Technically I can see the point of the hon. member for Grenville-Carleton, but the experience here is that that procedure is not fail-safe in terms of the kind of scrutiny I would expect members of parliament to give to it.

Our fear is that if we move into the letters patent procedure it will lessen the power the House has over Bell Canada. If Bell can move into these non-telecommunications fields, it will mean, as has often happened in the past, that basic telephone service will be neglected. For example, instead of Bell putting money into improved rural service, it will begin to move its profits and investments into other companies and other areas. I maintain that would be to the detriment of basic telephone service.

I argue that we must maintain parliamentary scrutiny of the monopoly because in the past, the regulatory process has been deficient. I can speak from experience because I have intervened before the Canadian Transport Commission against rate increases for which Bell has applied. In the past the CTC has not fully examined the argument. Indeed, the CRTC, which has taken over from the CTC, has reacted to the lack of scrutiny that the CTC had and has improved some of the procedures. But in my opinion, it is still far from adequate.

Let me give the House an example of what I mean by a weak regulatory process. Bell goes before the CRTC and argues that it needs a rate increase in order to have sufficient funds to carry out its business. Bell always pleads poverty to a degree. It has always been successful in the past in getting a rate increase before the regulatory commission.

I think of one exception in recent years. That was during the minority parliament when my party held the balance of power. We were able to put pressure on the cabinet to roll back a rate increase that had been granted.

The point is that if Bell does not get its way before the regulatory group, it usually begins to threaten consumers. We have seen this. Bell says, "Because we did not get our rate increase, we are not going to be able to put in any telephone." It tries to panic its subscribers into saying the government or the CRTC was wrong in not allowing some of its demands.

Bell is not a poor company. It had a net income in 1976 of $289,712,000. It also had deferred taxes, as of 1976, of $719 million. That in effect is an interest free loan to Bell, but it has never been taken into account by the regulatory agency when determining Bell's profitability. For that reason Bell's profitability is under-estimated. It allows the company to argue for a rate increase that the ordinary subscriber has to pay.

Nor do the regulatory agencies take into account Bell's subsidiaries when assessing its profitability. I think, for example, of Northern Telecom, a company that manufactures telephones and telephone equipment, which is 69 per cent owned by Bell. Indeed that relationship is now under investigation by the Restrictive Trade Practices Commission.

Last year Northern Telecom had total sales of $1.112 billion. It had a net profit after taxes of $77.1 million. It is a very profitable company, which is owned by Bell to a large degree. But the CRTC, when it assesses Bell's profitability, does not take into account the profitability of the subsidiaries which Bell owns. If it did, it would lessen the weight of the argument that Bell always makes in favour of a rate increase and subscribers would, of course, benefit from lower rates. Northern Telecommunications is so profitable and strong that I find it hard to believe they have laid off a thousand workers in the past few months despite the $3 million in tax concessions announced in the last budget. We are arguing that its profitability be assessed.

● (1742)

I believe the bill as it is now ought not to be accepted. As members of parliament we have the right to scrutinize this monopoly and I want the right to be able to raise the issues I have described. Bill C-1001 would deny me that right. I want Bell to be held accountable for the fact that it has supplied over 21,000 of its employees with free telephones at a cost of some $2.7 million while telling me, as a member of parliament, that it cannot afford to provide basic telephone service to 13 families along the Searchmount road to Sault Ste. Marie.

I want Bell to explain to me why its 32 executive officers received, in 1975, an average salary of $102,000 at a cost of $2.5 million, and that in 1976, under the anti-inflation program, they were able to get an average salary increase of $20,000, while at the same time the company used the AIB to roll back the wage settlements of its ordinary workers by some $28 million.

Goings-on of that kind need scrutiny and explanation because they relate to the telephone service and the rates which are charged. Those issues will not be raised by members

of parliament if this bill passes because they will not have an opportunity to do so.

I want to know why Bell can spend $1.5 million annually on charter aircraft flights for its executives and still charge people living in Searchmount, 25 miles from Sault Ste. Marie, long distance rates. There are too many inconsistencies in the arguments put up by Bell when it goes before the CRTC and claims it cannot afford to improve services. The regulatory process does not afford an opportunity for close scrutiny. It is only in parliament that we have an opportunity to raise these issues, and we want to have the right to continue to discuss these matters and to hold the company accountable.

I do not object to Bell coming to parliament to get its capitalization increased. In fact, had it brought a bill before us containing a clause to that effect, I am sure such a bill would go through. But the corporation has not been content with that. It has added these other clauses which restrict our ability to scrutinize the company's affairs and restrict the ability of the regulatory agency to do so. For these reasons the bill, as presently drawn up, is unacceptable to members of the New Democratic Party, and we shall continue to oppose it until there is some indication that Bell is willing to modify its stand and serve the people of Canada in accordance with the directives issued to it.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, the number of this bill used to be S-2. I notice it has been changed. The first thing which caught my eye is the new number, a very significant number—1001. That is an historic number, one which will forever remind us of "The Arabian Nights". It would seem to me that Bell has learned a lot from Scheherezade, a most resourceful and intelligent young woman, one who was able to deliver the womenfolk of her community from the designs of a very cruel sultan. She certainly showed a lot of courage. It seems to me Bell is now bringing forward a Scheherezade of some kind to get its capitalization increased and to escape criticism by the CRTC. Some of the stories we associate with "The Arabian Nights" are capable, perhaps, of being incorporated in this bill. For example, "Ali Baba and the Forty Thieves" could become "Bell Canada and its Forty Subsidiaries"; "Aladdin and the Wonderful Lamp" could become "Ma Bell and the Wonderful telephone"; "The Merchant and the Genie" could become "The Company and the Minister of Consumer and Corporate Affairs".

An hon. Member: Ay, there's the rub!

Mr. Rodriguez: One can find a lot of history in these things. I have often commented on the history of Bell Canada. Some time ago the government agreed to give Bell Canada a monopoly over telephone communications. There was one proviso—that the company should come before parliament each time it needed to increase capitalization and that it should be subject to regulatory provisions within the scope of the program laid down at that time. My hon. friend from Sault Ste. Marie has correctly stated that, if this bill were to carry in its present form, the company would escape proper scrutiny by parliament. Individual members of parliament would be prevented from playing a meaningful role in examining requests for increased capitalization. I know there are members across the way who agree with us, and I hope they will get up and speak on this bill, too.

I have been here since 1972, and I have gone before the CTC, and, latterly, the CRTC, to make interventions with regard to applications by Bell Canada for rate increases. Mr. Speaker, you never saw such a charade. The process is absolutely meaningless. You go and make your presentation. You ask questions. The question I have been asking for some time was simple. All I wanted was an answer to a simple question. The question was: what does it cost to produce a black plastic telephone, and how much does Bell Canada pay for it? That is all I needed to know. That is a very crucial question. It puts into question the whole Bell Canada multinational corporate structure. It puts the whole matter in focus.

• (1752)

At these hearings I was also concerned about rural service. I was presented with a schedule a couple of days ago showing what they call non-urban telephone service. They listed communities, these non-urban communities, which were going to receive telephone service in 1978. I looked for the exchanges for communities in my riding and I was amazed to see that Burlington, Grimsby, and Beamsville have now suddenly become non-urban communities. I looked for my own community, but it was not there. The controller was a very knowledgeable chap and I asked him where my exchanges were. He said, "Oh, I think you must be scheduled into 1982."

I think that this bill is going to be scheduled into 1982, Mr. Speaker, or until I see some improvement in rural service in northern Ontario as a whole, and in my riding of Nickel Belt in particular. I am opposed to this bill and I will do everything in my power to block its passage.

Mr. Douglas (Bruce-Grey): Like what? Talk it out?

Mr. Rodriguez: That is exactly correct. I will talk and talk until this bill is defeated. I am here to serve the particular concerns of my constituents, and I would be absolutely stupid to let this bill through. The hon. member in the Liberal party across the aisle can make smart remarks, but he is laughing at the people in my constituency where there are 10 families on one line. Hon. members opposite would not know that; they probably come from big cities and don't know about the inconveniences of the rural telephone service. The hon. member's constituency representatives went to the hearings in Sudbury and complained about rural service in Owen Sound.

Bell Canada has suddenly discovered the need to improve non-urban telephone service. Magically this has been discovered in 1977. I have been here since 1972 and I, along I am sure with other members in the House, have been telling Bell it has to improve its service.

Some of the exotic equipment which Bell Canada is developing for the business community includes dataroute and memory banking. The rentals paid by families who share 10 to a line are going to pay for all kinds of exotic equipment. These

families know they are going to be stuck 10 on a line. Sometimes when they need a doctor the line is busy and they cannot get through.

When people in my community want telephone service and they ask Bell to instal it, Bell says it will cost $7,000. I know this is not a lot of money to Liberals on the other side, but to people in my constituency $7,000 is a heck of a lot of money to instal a telephone. Yet I am asked to accept Bell's good will when they say that in 1982, or at some other time in the future, rural service in my constituency, as well as across northern Ontario and northern Quebec, will be improved.

Mr. Knowles (Winnipeg North Centre): Where are all the Conservatives?

Mr. Rodriguez: The Tories are so interested in this bill that not one of them is here.

Nothing that Bell Canada has done in the past has convinced me that I should place any trust in their breast beating and their promises that they will put in improved rural service in northern Ontario and Quebec by 1982 onwards.

I am also opposed to the bill because Bell Canada is interested only in one thing. The controller I met the other day told me that it was extremely important that they have a three star rating. He says they have to have three stars, two stars or one star, but they are trying for three stars.

When I was a teacher we used to give the best readers in the class three stars; they had to read two pages without a mistake. If someone could read two pages with one mistake, they would get two stars. If they could read two pages with three mistakes, they got one star. But they all got stars, Mr. Speaker; that was a great pat on the back and it certainly gave them some encouragement. So I asked this controller from Bell Canada, "If you have not got a three star rating, surely one star will get you some money on the market? Perhaps it will not get you a lot of money, but you might be able to borrow $150 million instead of $300 million". He replied: "Yes, Mr. Rodriguez, but then we might have to reschedule the non-urban telephone service if we do not have the money". That is the kind of threat to which they resort, Mr. Speaker.

As my colleague from Sault Ste. Marie pointed out, instead of all this flying around in jets and spending millions of dollars on highfaluting living, we should spend the money on improving rural telephone service. Nothing which Bell has said to me in meetings with my colleague and with the hon. member for Scarborough East (Mr. O'Connell) with respect to its credit rating, has convinced me otherwise. I think it now has a two star credit rating, and with that I think it can borrow a heck of a lot of money.

I am very concerned about the lack of input by parliament, by the elected people of this country, in terms of directing the growth and development of large corporations. Are these large corporations growing only for themselves? Are they saying to us, "Our aims are your aims? What is good enough for Bell must also be good enough for the people of Canada. What is good enough for INCO has to be good enough for the people of Canada"? I do not subscribe to that philosophy, Mr. Speaker. I think Liberals and Tories subscribe to that. They call it staying out of the market place. I believe that government has the responsibility to be slap in the middle of the market place. It must be there to direct investment. If we give Bell permission to increase its capitalization, in effect we have given it holus-bolus free rein to wheel and deal in the market place, instead of telling Bell that it should put in this kind of service by such and such a date.

I see it is six o'clock, Mr. Speaker. I should like to call it six o'clock so I can take this up again next week.

Mr. Deputy Speaker: Order, please. It being six o'clock, pursuant to order made Thursday, October 27, 1977, this House stands adjourned until Monday, November 7, 1977, at two o'clock p.m.

At six o'clock the House adjourned, without question put, pursuant to Special Order.

HOUSE OF COMMONS

Monday, November 7, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

COMMUNICATIONS

CABINET ACCEPTANCE OF TELESAT MERGER AND REJECTION OF CRTC DECISION—MOTION UNDER S.O. 43

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. In view of the cabinet decision last Thursday which fundamentally affects the future of telecommunications in this country, and in view of the arrogant, arbitrary and regressive decision of the cabinet on Thursday last rejecting the decision of the CRTC of August 24 opposing the merger of Telesat with TCTS on the basis it was against the public interest, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That, since the Minister of Communications has become an advocate for monopolies and has failed to discharge her duty to defend and uphold the independence and integrity of the CRTC, she tender her resignation forthwith.

Mr. Speaker: Order, please, the presentation of any such motion under the provisions of Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Yea.

Some hon. Members: Nay.

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TRANSPORT

SUGGESTED IMPLEMENTATION OF HALL REPORT TO CREATE RAILWAY-RELATED JOBS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise too under the provisions of Standing Order 43.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I should like to thank members of the Convervative party. Obviously, their convention was a rousing success and I note that their generosity has spilt over to this part of the House.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, in view of the fact that the railways have announced cutbacks affecting some 6,000 jobs in the recent past or in the early future, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the government to commit itself to a full implementation of the Hall Royal Commission report as one means of ensuring that more needed railway-related jobs will take place in the prairies, Quebec and Atlantic Canada.

Mr. Speaker: This motion can only be presented under the provisions of Standing Order 43 with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Nay.

Some hon. Members: Agreed.

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GRAIN

REQUEST FOR STATEMENT ON NEW MARKETING STRATEGIES—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

Having regard to recent predictions advanced by the Economic Council of Canada of a gloomy future for prairie grain farmers because of rising costs, depressed prices and a poor export potential, and given the fact that senior marketing analysts have predicted that Canada's future grain exports will fall by more than 20 per cent by the mid-1980s, and further given the fact that outstanding farm debt has doubled in the last six years from $4.3 to $8.5 billion, I move, seconded by the hon. member for Elgin (Mr. Wise):

That the Minister of Agriculture and the Minister in charge of the Canadian Wheat Board make a statement on motions at the earliest possible date outlining to the farmers and the people of Canada what new initiatives and marketing strategies are being proposed by the Canadian Wheat Board and the government of Canada to improve our export position, and further indicate what export targets and income prospects may be attainable into the 1980s in order that the producers may plan their futures in a more orderly manner.

Mr. Speaker: Order, please. Standing Order 43 requires the unanimous consent of the House for the presentation of such a motion. Is there unanimous consent?

Some hon. Members: Yea.

Some hon. Members: Nay.

Energy

ROYAL CANADIAN MOUNTED POLICE

ALLEGED FAILURE OF MINISTER TO ENSURE SECURITY FORCES OBEY LAW—MOTION UNDER S.O. 43

Mr. James Gillies (Don Valley): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

My motion relates to the revelation by the Prime Minister that it is not the responsibility of the cabinet or even of individual ministers to ensure that the security apparatus of the state obeys the law. In light of the fact that under the parliamentary system of government it has traditionally been common practice for ministers to accept responsibility for ensuring that officials and other servants of the Crown do uphold the law, I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That this House condemns the former solicitor general, now the Minister for Consumer and Corporate Affairs, for his failure to exercise ministerial responsibility in the upholding of the law and demand that the minister resign.

Mr. Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Yea.

Some hon. Members: Nay.

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[*Translation*]

ENERGY

SUGGESTED REDUCTION OF TAX ON OIL PRODUCTS—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that the special 10 cent excise tax on a gallon of gas which the federal government imposed on June 24, 1975 is unevenly applied; that this tax is unfair and discriminatory because it applies to only one class of gas users; that the reimbursement system is complex, and that research has indicated that the price of gas exerts only minimal influence on consumption; I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That the House call upon the federal government to give immediate effect to the Canadian Automobile Association's recommendation to reconsider its policy by reducing the amount of this tax by 3 cents a gallon, and by taxing all oil product users, which would yield the same $600 million in annual revenues and eliminate in the process a cumbersome reimbursement system which entails nearly $3 million in annual expenditures.

Mr. Speaker: Order, please. This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

[Mr. Speaker.]

[*English*]

ROYAL CANADIAN MOUNTED POLICE

EXPRESSION OF SUPPORT AND CONFIDENCE IN MEMBERS OF FORCE—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Thank you, Mr. Speaker. I have a motion under Standing Order 43 which I believe should receive special attention at this time by both sides of the House due to the important and pressing necessity of the matter.

In view of the revelations made during the last week or so, and notwithstanding the events which have led the government to look into allegations of improper and, at times, unlawful acts by some members of our national security forces; because of this, along with such recent irresponsible statements as the one made by Premier René Lévesque whereby he referred to all members of the RCMP force as "jerks", I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House formally endorse and ratify to the people of Canada our over-all support and confidence in the rank and file members of the Royal Canadian Mounted Police who continue to exemplify the legend and tradition of national pride which has made them famous and respected throughout the world.

I place emphasis on my reference to the "rank and file" members.

Mr. Speaker: Order, please. The presentation of such a motion under the provisions of Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Yea.

Some hon. Members: Nay.

* * *

● (1412)

VETERANS AFFAIRS

PROPOSED REFERENCE TO COMMITTEE OF NEED FOR INCREASE IN DISABILITY PENSION—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. speaker, I wish to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. An editorial in the official publication "The Fragment" by the War Amputations of Canada entitled "Time to take the gloves off" expresses the wide concern of veterans' organizations across the country over the reluctance of the government to bring up to par the basic rate of disability pension for veterans, in line with the established formula to equate those pensions with the average salary of the five lowest categories in the public service. I therefore move, seconded by the hon. member for Norfolk-Haldimand (Mr. Knowles):

That, as he requested in his motion of November 1, it is incumbent on the government to refer the matter to the Standing Committee on Veterans Affairs, and that the National Council of Veterans Organizations be called as witnesses to present the case on behalf of the veterans of Canada.

Mr. Speaker: Standing Order 43 requires unanimous consent for the presentation of such a motion for debate. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

COMMUNICATIONS

PROPOSAL TELESAT BE ALLOWED TO JOIN TRANS-CANADA TELEPHONE SYSTEM—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the fact that the CRTC, the regulatory agency for telecommunications undertakings, has concluded that Telesat Canada's membership in the Trans-Canada telephone system would substantially prejudice the rate regulation process, and that the Liberal cabinet has overturned this CRTC decision thereby lessening public scrutiny and control over this important sector of the economy, I move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That this House reaffirm CRTC decision 77-10 thereby nullifying the cabinet decision allowing Telesat Canada to join the Trans-Canada Telephone system and reaffirm the principle that this motion is in keeping with legislative principles adopted by the parliament of Canada in the Telesat Canada Act, the Broadcast Act and the Railway Act.

Mr. Speaker: Such a motion can be presented at this time pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CRIMINAL CODE

REQUEST FOR REPORT ON INVESTIGATION OF ADVERTISEMENT IN OTTAWA "JOURNAL" OFFERING ABORTIONS—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the promise of the Minister of Justice (Mr. Basford) to investigate the May 9 advertisement in the Ottawa *Journal* advertising legal abortions on demand, and in view of the fact that these abortions take place in Montreal at a cost of $250 on a same day, no questions asked basis, and are in obvious and direct violation of the Criminal Code, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House directs the Minister of Justice to make a statement on motions today outlining what actions have been taken in conjunction with the Ontario and Quebec ministers of justice and clearly indicate what charges have been laid.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

POWERS OF McDONALD COMMISSION INVESTIGATING ALLEGED ILLEGAL ACTIVITIES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Acting Solicitor General whom I presume to be the Minister of Consumer and Corporate Affairs. As we all know, the Prime Minister has consistently refused to appear before parliamentary committees. In that light, I would like to ask the Acting Solicitor General if it is the decision of the government of Canada that the McDonald Royal Commission shall have power to subpoena the Prime Minister and any present or former Solicitor General.

● (1417)

Hon. Ron Basford (Minister of Justice): Mr. Speaker, it is clear from the terms of reference of the McDonald Royal Commission which were tabled in the House in June that those terms of reference are sufficiently wide, as has been stated many times by the Solicitor General, for that inquiry to determine the facts in this whole matter.

POSSIBLE LIMITATION ON DISCLOSURE IF MINISTERS SUBPOENAED BY McDONALD COMMISSION

Mr. Joe Clark (Leader of the Opposition): I am surprised that the government is determined to keep the former minister so far from the Department of the Solicitor General. I rather wish it had been someone other than the acting minister who gave that reply, because then we might have got an answer.

My question now concerns a matter of policy—has the government decided whether the acting minister would answer a subpoena from the McDonald Royal Commission, and, if he did appear, whether there would be any limit placed on full disclosure of the role of the Prime Minister or any of his ministers on matters which are before the inquiry? I should like the Acting Prime Minister to tell the House of Commons whether any limits are to be placed on full disclosure by the Prime Minister or any of the ministers, and, if so, what those limits would be.

Hon. Jean Chrétien (Acting Prime Minister): First, Mr. Speaker, I should like to congratulate the Leader of the

Opposition on the vote he received over the weekend. We all agree he has a great future as Leader of the Opposition.

Some hon. Members: Oh, oh!

Mr. Chrétien: I think the first thing he should know as leader of his party is that we do not answer hypothetical questions.

Mr. Clark: One of the things we know as members of the House of Commons is that ministers do not answer policy questions.

Some hon. Members: Hear, hear!

Mr. Clark: I am interested in a question of policy based on the expectation that the government, knowing that the chairman of the Royal Commission has indicated that he is considering issuing a subpoena to the Prime Minister, will have established a policy on this question—any government which looks ahead would have done so. I want to know what is the policy of the government of Canada with regard to the response to a subpoena to the Prime Minister and whether any limit would be placed upon the Prime Minister or his colleagues with regard to disclosure relative to matters which are now before the McDonald Royal Commission.

[*Translation*]

Mr. Chrétien: Mr. Speaker, the Minister of Justice said earlier that the terms of reference of the McDonald inquiry commission give them all the necessary powers to discover all the facts which are relevant to the inquiry.

Mr. Clark: I have a supplementary. The essential question is whether the government of Canada is prepared to see the Prime Minister accept this subpoena by the McDonald inquiry commission, and if such a decision is made by the government, whether evidence by the Prime Minister or other ministers will be restricted.

Mr. Chrétien: Mr. Speaker, I have nothing to add to what I said earlier. The Leader of the Opposition asked me a hypothetical question. We do not know whether it will be necessary to serve subpoenas. All the facts pertaining to the record will be available to the chairman and the commissioners, and I think they will really be in a position to make a quite useful report in the best interest of all Canadians.

[*English*]

ALLEGED ILLEGAL ACTIVITIES—SUGGESTION FORMER SOLICITOR GENERAL BE ALLOWED TO ANSWER QUESTIONS

Mr. Bill Jarvis (Perth-Wilmot): A supplementary to the Acting Prime Minister. Given that the government will now allow the former solicitor general, the Minister of Consumer and Corporate Affairs, to testify before the McDonald Royal Commission, will the Acting Prime Minister, as a matter of policy, accept in a positive way a motion which would permit that minister to answer questions about government security services in this House of Commons?

[Mr. Chrétien.]

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I feel that I answered that very same question a while ago.

[*English*]

Mr. Speaker: It seems to me there is a vast difference between the question asked by the hon. member and the question just asked by the Leader of the Opposition. I did not interfere during the earlier question because, although certain of its aspects were hypothetical, it seemed to me the hon. gentleman was inquiring as to present policy and whether the government was in a position to disclose any policy. But the hon. member for Perth-Wilmot is talking about a motion which has no existence at the moment and about circumstances which are purely hypothetical.

● (1422)

ALLEGED ILLEGAL ACTIVITIES—REASON FORMER SOLICITOR GENERAL HAD NO BRIEFINGS BY FORCE

Mr. Bill Jarvis (Perth-Wilmot): I would not have expected to get an answer anyway, Mr. Speaker. Let me put another question to the Acting Prime Minister in the absence of the Solicitor General. Given that the present Solicitor General apparently now has weekly briefings from security service officers, thereby at least acknowledging some degree of responsibility at the ministerial level for the activities of government security agencies, would the Acting Prime Minister tell this House why the present Solicitor General's predecessor apparently had no such briefings? In other words, the previous Solicitor General knew nothing about anything: the question is why?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I do not think that the statement of the hon. member is based on the facts. All Solicitors General have received regular briefings from the RCMP on matters of security.

* * *

MANPOWER

LAY-OFFS BY RAILWAYS—GOVERNMENT ACTION TO COUNTERACT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Employment and Immigration. As the minister knows, the most recent government figures indicate that some 70,000 lay-offs are taking place each month in Canada, an alarming and worsening situation which affects almost every sector of our economy. I should like to ask the minister, with reference to a particular sector, namely the railways, what his department is now doing given the decision that has recently been made affecting the lay-offs of some 6,000 Canadians in that particular sector.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, without getting into specifics, I think the hon. member, of all people, should know the many splendid

services that are available from this particular department to cope with a lay-off situation.

Mr. Broadbent: That is why I asked the question.

Mr. Cullen: The hon. member chooses to ignore the many excellent things which are being done in that field. In addition to that, we have regular discussions. We have an inter-departmental committee which meets on these specific problems. This is not something which has just come to light in recent statistics. This is something which we indicated would happen as early as October, 1976, when we were able to provide $358 million and later $458 million through Treasury Board to take care of this problem, which as I say we recognized some time ago and not as the result of a recent headline.

* * *

FINANCE

PROPOSED IMPLEMENTATION OF HALL REPORT TO PROVIDE JOBS FOR RAILWAY WORKERS

Mr. Edward Broadbent (Oshawa-Whitby): A supplementary question, Mr. Speaker, and maybe the Minister of Finance will answer the question. I asked what the government was doing specifically with regard to the 6,000 railway workers who are affected. I did not ask for one of the minister's old speeches. I now ask the Minister of Finance this question. Considering that the Hall royal commission recommendations, if they were implemented, would affect in a very positive way job creation and bring benefits to the prairies, Quebec and Atlantic Canada, and in particular provide jobs for up to 4,000 people in Pictou county and Cape Breton, Nova Scotia, where they manufacture railway cars and track, would the Minister of Finance now commit the government to implementing the central recommendations made by the Hall royal commission over the next two years?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the people involved are meeting with my colleague the Minister of Labour later this afternoon to discuss this problem. So far as the Hall report is concerned, we have received the report and we think it is an excellent one. We shall be looking at all policy aspects of the report, and as soon as policy is developed the House will be informed of its progress.

Mr. Broadbent: A final supplementary question, Mr. Speaker. The minister should know that the Minister of Transport has committed the government to spending only about one-fifth of what is required. He has committed the government to only $100 million over the next two years which will provide minimal upgrading. This is why I ask the Minister of Finance whether he would undertake on behalf of the government a reconsideration of this commitment and provide the needed $500 million on the ground that this would provide additional jobs, jobs that are important in three different areas of Canada. In addition, there is the important fact that it makes a lot more sense to provide people with jobs than with handouts.

• (1427)

Mr. Chrétien: Mr. Speaker, first I would like to say to the Leader of the New Democratic Party that $100 million is quite a lot of money, and of course we are looking at other alternatives, but I am not in a position to give more to the House at this moment.

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HOUSE OF COMMONS

PRIME MINISTER'S REFERENCE TO FINDING OF ELECTRONIC DEVICE IN OFFICE OF MEMBER FOR CENTRAL NOVA

Mr. Erik Nielsen (Yukon): Mr. Speaker, before putting my question I would be remiss if I did not place on the record of this House a welcome to Your Honour upon your return from a recent visit to the Yukon where you performed a very pleasant and historic function in the presentation of a table to the Yukon Legislative Assembly. That was a ceremony I could not attend because of other pressing matters here in this part of the country.

Some hon. Members: Hear, hear!

Mr. Nielsen: I get it whether I am here or there.

The Prime Minister was quoted outside this House as saying that the device found in the office of the hon. member for Central Nova could be purchased in a five and ten cent store. May I ask the Minister of Justice, in connection with that remark and also the remark of the Prime Minister that it was amateurish in the manner of its installation, to advise the Prime Minister that the device found in the office of the hon. member for Central Nova cannot be purchased in Canada? Would he also advise the Prime Minister that it is an offence to have in one's possession the device found in the office of the hon. member?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I made it clear in the House last Thursday that under the Criminal Code it is a serious offence to have in one's possession, unless authorized, any device for electronic surveillance of private communications. With regard to the specific question and that specific device I am unable to reply to the hon. member's question because as the hon. member may know, my officers or officers of the RCMP have not been allowed to investigate that particular matter because the investigation of the matter is quite properly under the jurisdiction of Mr. Speaker and his officers.

Mr. Nielsen: The Prime Minister also suggested to the media that the hon. member for Central Nova advanced the notion that official authorities were responsible for placing this device in his office. Indeed, I think he put it in stronger terms. Would the minister undertake to inform the Prime Minister that at no time has such a statement been attributed to the hon. member for Central Nova. What he said was that—

Mr. Speaker: Order, please. I let the hon. member for Yukon get away with one statement by way of a question. I do not think I can let him get away with two.

* * *

COMMUNICATIONS

CABINET ACCEPTANCE OF TELESAT MERGER—ABILITY OF CABINET TO DEFINE PUBLIC INTEREST

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Communications, and it refers to the cabinet decision of Thursday rejecting the CRTC decision of August 24 which was against the merger of TCTS and Telesat because the CRTC felt it was against the public interest. Since the minister herself on November 23, 1976 in a letter to the President of Telesat said that the CRTC had jurisdiction in this matter and since the CRTC found against a merger on broad issues of public interest as reported in its decision, I would like to ask the minister, in view of the decision of the cabinet, if she is prepared to tell the House that the cabinet, behind closed doors, is in a better position to define public interest than the independent regulatory authority created by parliament to do just that in an open public forum?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, the reason for varying the decision of the CRTC was that the government had to refer to broader concerns of the government, that is, to ensure that Canadians would get the services which can be provided by this new technology in the north as in the south and at as reasonable a cost as possible. The prerogative of the CRTC remains, and it is in no way superseded by the agreement which will come to pass between Telesat and TCTS. If the hon. member would read the order in council precisely, he would note that it serves notice to both parties of the environment within which this agreement can occur, and that is to ensure and to say emphatically that in no way are the powers of the CRTC with regard to its responsibility to decide on the rate of return or the conditions under which someone can have access to the system to be superseded by anything that is in that agreement, just as my own powers under the Radio Act to look into matters such as ownership of earth stations are not superseded.

● (1432)

EFFECT OF MERGER OF TELESAT ON PUBLIC PARTICIPATION IN OPERATION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I should like to direct my next question to that part of the minister's answer on public policy, as distinct from public interest. We will not get into a debate on how public interest is served. A public policy for Canada's participation in telecommunications was defined in the white paper on communications filed by one of the former ministers in this House in March 1968, which was the basis for the Telesat legislation. As set out in *Hansard* in 1969 that debate and policy dictated that the Canadian government was to have an independent regulatory authority in telecommunications with public participation and not a minority of telephone companies. Since that was rejected, can the minister tell the House what factors have changed to allow now, in effect, a de facto telephone company monopoly of telecommunications, an effective amendment of Telesat and an elimination or a reduction of any hope of public participation in the Telesat operation?

[*Translation*]

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, the hon. member confuses too many things. CRTC is still existing and has to assume certain responsibilities under the law, which I have just reaffirmed and which were reaffirmed in the order in council amending the CRTC's decision. The general interest of the government was to preserve the right of Canadians to an effective telecommunication system which will become entirely effective the day when the land and spatial systems are fully integrated. It is not a matter of monopoly, Mr. Speaker. Telesat has never been designed to compete with the telecommunication industries; on the contrary, it is a complement to those industries. The agreement concluded between those two parties precisely confirms that such an integration will now be possible. As for the more general government policies involved in that agreement, it is my duty to preserve them. Hon. members have been referring since last week to ministerial responsibility. Such responsibility has been exercised in the case of the agreement between Telesat and the TCTS. The prerogatives of the CRTC and the general policies of the government have been maintained under the order in council.

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[*English*]

ENVIRONMENTAL AFFAIRS

EXTENSION OF TIME FOR THOMPSON INQUIRY—REQUEST MINISTER CONSULT WITH REPRESENTATIVES OF FISHERMEN

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Minister of State (Environment). Can the hon. minister tell this House whether the government is going to extend the time necessary to allow the Thompson inquiry into tanker superports on the west coast to hear all of the evidence of all the intervenors, keeping in mind that under the present terms of reference the hearings were to have been completed by the end of December and clearly they cannot be under the present schedule?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I and the other ministers involved in this particular inquiry will be meeting with Mr. Thompson tomorrow night, and this particular matter will be discussed then.

Mr. Fraser: Mr. Speaker, in view of the fact that the president and other members of the fishermen's union are here in Ottawa seeking an audience with the members of the cabinet on this particular matter, can we have the assurance of the hon. Minister that every effort will be made to give an

audience in the next day or so to members of the fishermen's union representing fishermen on the west coast of British Columbia?

Mr. Marchand: Mr. Speaker, I will take that under consideration. Of course, we members from British Columbia are always very much concerned with the views of the fishermen on the west coast.

* * *

• (1437)

[*Translation*]

INTERNATIONAL LABOUR ORGANIZATION

WITHDRAWAL OF UNITED STATES FROM ORGANIZATION—INQUIRY WHETHER CANADA WILL INCREASE CONTRIBUTION

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, I have a question for the Minister of Labour. Given President Carter's recent decision to get the United States of America out of the International Labour Organization and to cease contributing to its financing, could the minister tell the House whether the Canadian government intends to help the ILO bridge the financial gap left by the U.S. withdrawal by increasing its usual contribution, and this in order to allow the organization to carry on its activities, if possible, at the same level as before; at the same time this would allow us to reassert Canadian support for the ILO?

[*English*]

Hon. John C. Munro (Minister of Labour): Mr. Speaker, yes, we are concerned about the United States withdrawal from the ILO. There are many meetings going on right now in Geneva with respect to the restructuring of the ILO to make up for the deficiencies which will result from the United States withdrawal in terms of funding. Canada is very much a part of that. We will adopt as constructive an attitude as possible in an attempt to enable this organization to carry on the job it is trying to do in terms of upgrading the standards of workers.

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AIRPORTS

CONSTRUCTION OF FACILITIES AT CHARLOTTETOWN—ALLEGED DELAY FOR ECONOMIC REASONS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, my question is for the Acting Minister of Transport. In light of the current and disturbing reports that the construction of an adequate airport in Charlottetown is now being further delayed for "economic reasons", will the minister advise or ascertain if such a decision, which *inter alia* will contribute to unemployment in Prince Edward Island, has in fact been taken?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, that matter is now under study with the Department of Transport, and as soon as there is an announcement to make, the Minister of Transport will make it in the House. I believe there could be one during the next few weeks.

* * *

[*English*]

FINANCE

SUGGESTED CANCELLATION OF TAX CONCESSIONS TO CORPORATIONS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Finance. In view of the minister's announcement that his government would continue the $1.2 billion tax concessions for large corporations announced last March as a means to stimulate expansion and job creation; and in view of the fact that these concessions are worth $11 million to Alcan, which has announced lay-offs of 400 workers in Newfoundland, that Northern Telecom will gain $3 million and will be laying off over 1,000 workers, and that INCO will gain $10 million and is laying off nearly 4,000 workers, will the minister, in light of the failure of this policy in job creation, now cancel these tax concessions to corporations and direct them, instead, to ordinary Canadians to stimulate demand and hence job creation?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as I said earlier, we cannot apply a selective tax policy for one corporation and a different one for another.

Mr. Broadbent: That was not the question.

Mr. Chrétien: Anyway, we will have a chance to deal with those things because we will be dealing with second reading of this bill later today.

Mr. Symes: Mr. Speaker, the minister has not answered my broad question on the relative merits of that tax policy. I should like to ask why he believes businesses will use these tax concessions to expand and create jobs when already industry is only operating at about 80 per cent capacity due to reduced demand? Surely, the fact that we have had over 34,000 lay-offs in manufacturing alone during the past eight months indicates—

Mr. Speaker: Order, please.

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ROYAL CANADIAN MOUNTED POLICE

ALLEGED THEFT OF DYNAMITE—REFERENCE TO EARLIER THEFT OF DYNAMITE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is directed to the Acting Solicitor General. I wonder if the hon. Minister can advise me if the cache of dynamite referred to by the Solicitor General as being stolen is the same dynamite which was the subject of a very impassioned discussion by the then minister of transport some years ago, and which the

government obviously knew about, and which was the subject of questioning on this side of the House. At that time the Prime Minister and other members of the government indicated that it was one of the reasons for the apprehended insurrection. Is that the same dynamite which the government apparently has just rediscovered now?

Hon. Ron Basford (Acting Solicitor General): Mr. Speaker, I would want to review the earlier debate to which the hon. member is referring, but I do not believe that is the case.

REQUEST FOR REPORT ON ALLEGED INFILTRATION OF PARTI QUÉBÉCOIS

Mr. G. W. Baldwin (Peace River): When the hon. minister is doing that, would he also look up the question of what happened to the request from the opposition benches as to the alleged infiltration of the Parti Québécois by law enforcement agencies and intelligence units of the RCMP some years ago? What happened to the request from this side of the House for that type of investigation? Did that stay on the file? Is the government still aware of that particular request?

Hon. Ron Basford (Acting Solicitor General): Mr. Speaker, I believe that was dealt with by the Prime Minister last week.

* * *

● (1442)

[*Translation*]

SOCIAL SECURITY

POSSIBLE REDUCTION OF FAMILY ALLOWANCES—REQUEST FOR CLARIFICATION OF STATEMENT BY PRESIDENT OF TREASURY BOARD

Mr. Eudore Allard (Rimouski): Mr. Speaker, I should like to put a question to the President of the Treasury Board. Can he enlarge on the statement he made in September 1977 to the effect that he was going to decrease family allowances in order to finance the public debt?

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): I made no such statement, Mr. Speaker, so I really cannot answer the hon. gentleman's question.

[*Translation*]

Mr. Allard: In September, the minister is reported as having said that he was going to decrease family allowances in order to finance the public debt. That is quite clear. It seems to me the minister could add a few details in that regard.

[*English*]

Mr. Andras: I am sorry, I did not make such a statement.

An hon. Member: You are sorry?

[Mr. Baldwin.]

[*Translation*]

EXTERNAL AFFAIRS

INQUIRY WHETHER INCIDENT INVOLVING FRANCE AND QUEBEC WILL IMPROVE CANADA'S RELATIONS WITH FRANCE

Mr. Gaston Isabelle (Hull): Mr. Speaker, I should like to put a question to the Acting Prime Minister. In the light of the most recent developments concerning France and a part of Canada, can the minister tell the House whether economic relations between France and all of Canada will be improved?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, relations between Canada and France are excellent, particularly in the field of economics. We know France has made considerable investments in Canada. I refer here to the Michelin company in Nova Scotia, uranium in Saskatchewan and oil in Alberta.

* * *

[*English*]

COMBINES

INQUIRY WHETHER DIRECTOR APPROVED CABINET DECISION PERMITTING TELESAT MERGER

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs and it has to do with the unprecedented decision of the cabinet to overrule the CRTC decision on Telesat Canada. My question is based on a submission by counsel acting on behalf of the director of Combines Investigation when he appeared before CRTC and said:

> . . . the Agreement in its proposed form is clearly anti-competitive, and . . . this anti-competitive nature renders the Agreement contrary to the public interest . . .

Since the minister and his colleagues are not above the law certainly in this case, I would like to ask him whether in fact the director of the Combines Investigation Branch has approved the decision of the government in overruling CRTC with respect to Telesat Canada.

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): We have not had an opportunity yet to have a reaction from the Director of Investigation under the Combines Act but we did make the representations of the director well known to the cabinet during the discussions.

Mr. McGrath: Is it the position of the minister then that they would make a decision of this nature, unprecedented in its scope, overruling CRTC which had extensive hearings on this subject, without first consulting the law officers of the Crown? Surely one of the principal law officers of the Crown in this case would be the director of the Combines Investigation Branch. I ask the minister now if it is the position of the government that their decision to overrule CRTC is consistent with the decision taken by the director of the Combines Investigation Branch before CRTC?

Mr. Allmand: Mr. Speaker, as was pointed out earlier, the cabinet had the right to overrule the CRTC decision in law

and during the discussions on that subject the representations of the director of the Combines Investigation Branch were made well known to the cabinet.

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FISHERIES

ALLEGED LANDINGS OF SWORDFISH IN UNITED STATES BY CANADIANS—POSSIBLE CHANGE IN REGULATIONS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries and the Environment. In view of the fact that the U.S. Department of Commerce news report B-127 of Tuesday, October 25, 1977 lists as imports fresh swordfish from Canada on the vessels *Carlo Joyce* on September 30, 1977 and the *Sea Gull* on October 5, 1977 at Boston, Massachusetts, a species that the minister has been telling us for years could not be landed in the United States, I would ask him whether there have been any recent developments in the fishery of which Canadian fishermen generally are unaware and, if not, would the minister enlighten the House as to why such a listing should occur in this U.S. publication?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I have not seen the publication in question. The hon. member knows very well, and I said it in the House, that it is the import regulation of the national government, that is the government whose seat of power is in Washington, which is causing difficulty through the Food and Drug Administration. There is nothing to stop individual states—in this case, if I understand the hon. member's statement, it was in Boston, therefore Massachusetts—from importing within their own landing ports fish from Canada. If the U.S. import regulations under the national government's regulations were lifted, we would certainly authorize the landing of swordfish.

Mr. Crouse: For the minister's information, because obviously he is not informed of this matter, the publication to which I referred is U.S. Department of Commerce National Oceanic and Atmospheric Administration—

Mr. Speaker: Order, please. Would the hon. member put his question.

Mr. Crouse: Yes, Mr. Speaker. The publication to which I referred indicates that fresh swordfish were landed by Canadian registered vessels in Boston, Massachusetts, not by U.S. ships as the minister infers, and I gave him the names of the ships. I would ask the minister if he will check into this and ascertain under what regulations these landings were permitted and also when we can anticipate—in view of the fact that fish are being landed and that fishery represents a $5 million to $6 million industry to Atlantic Canada where there is massive unemployment at present—a statement from him regarding the possibility of reopening the swordfishery to all Atlantic Canada?

Mr. LeBlanc (Westmorland-Kent): At the risk of being repetitious I must again tell the hon. member that there is nothing in the United States regulations, so far as we know, to stop fish from being landed in the port of a state. It is interstate trade which is not allowed by the Food and Drug Administration and also clearance by customs and excise—I do not know what the equivalent in the United States is—which is not given because of the regulations of the Food and Drug Administration. We are working through our Department of National Health and Welfare in trying to make the case that the regulations applying to swordfish, which is not eaten frequently, poses no threat to health. At the moment the health authorities in both countries have not come around to our point of view, but I am hoping they may do so eventually.

* * *

FINANCE

REQUEST FOR ESTIMATE OF LEVEL OF UNEMPLOYMENT NEXT YEAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. In his October 20 statement the minister offered a forecast of the level of inflation next year and of real growth in this country but he avoided very carefully any estimate as to what the level of unemployment might be, although he did acknowledge the current 8.3 per cent unemployment level. Would the minister now inform the House what he anticipates the level of unemployment to be next year in Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I did not specify a figure in my speech, but I hope that with a growth rate of 5 per cent the unemployment rate in Canada will decline.

[*English*]

Mr. Stevens: Again my question is for the Minister of Finance. As OECD has asked that all member countries belonging to that organization set targets, including targets for unemployment, would the minister indicate whether he is willing to accept the suggestion of establishing an unemployment target and, if so, what is the unemployment target level that he is heading for next year?

Mr. Chrétien: It is a very complex issue because when the former minister of finance, the hon. member for Rosedale, introduced his last budget he made the prediction that 250,000 jobs would be created this year in Canada. In fact, we have achieved that level, but the increase in the participation rate of the labour force in Canada has been so large that, despite the fact we have created the 250,000 more jobs, unfortunately the level of unemployment has increased.

Mr. Stevens: My question is directed again to the Minister of Finance. Accepting the fact that the question is complicated, may I point out that the minister has indicated that we are heading for a $9.2 billion deficit in the current fiscal year.

Would the minister indicate, in estimating that deficit, what were the unemployment levels he anticipated?

● (1452)

Mr. Chrétien: Mr. Speaker, we have used the figures that we have until the end of the year. I said at that time that the level of unemployment is too high. It is 8.3 per cent. This is giving us a basis to estimate the level of the cash requirement or the budgetary deficit at the end of the year.

* * *

EXTERNAL AFFAIRS

PROPOSED INVITATION TO LEADERS OF SEPARATIST PARTIES IN CORSICA AND BRITTANY TO COME TO CANADA

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question to the Acting Prime Minister is supplementary to the question asked by the hon. member for Hull. The unwarranted and provocative interference by the government of France in Canadian affairs continues. Will the Canadian government give consideration to inviting to Ottawa the leaders of the separatist parties in Corsica and Brittany to encourage them to destroy the integral sovereignty of France?

Hon. Jean Chrétien (Minister of Finance): I have no answer, Mr. Speaker.

An hon. Member: I should hope not.

* * *

SOCIAL SECURITY

PROPOSED GUARANTEED ANNUAL INCOME PROGRAM—COST AND SOURCE OF FUNDS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is for the Minister of National Health and Welfare. A few days ago the minister told the House that it is her hope and her aspiration to bring in the guaranteed annual income for Canadians and that indeed she hopes to place legislation to that effect before the House soon. Can the minister tell the House whether she can estimate the cost of such a program on an annual basis and secondly, in view of the deficit the government faces and in view of its espoused policy of restraint, can she state where the funds for such a program would come from?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, a few weeks ago when I assured the house of my interest and commitment to the progressive implementation of a guaranteed annual income program for Canadians, I intended doing it within the national budget and without any tax increase. I am pleased the hon. member asked me this question because it enables me to say precisely that I intend to develop this program for the benefit of the most needy groups. I am thinking, in particular, about three groups,

and not about the whole of Canada. Of course, any improvement in federal government social security programs means tax rearrangements of some kind.

[*English*]

Mr. Yewchuk: Mr. Speaker, as usual the minister did not answer the question.

Miss Bégin: Yes I did.

POSSIBLE STUDY ON EFFECT OF GUARANTEED ANNUAL INCOME ON MOTIVATION TO WORK

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I am sure if the minister reviews the question she will find that she has not answered, so I would like to ask another. Has the minister conducted any study to determine what effect a guaranteed annual income might have on the motivation to work? If she has done such a study, can she report the results and if she has not, has she at least consulted her colleague, the Minister of Industry, Trade and Commerce to determine what his position on that subject would be?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I will try to use my best English to answer in order that my colleague can try to understand me. I repeat, I am aiming at target groups, namely, three groups in Canada right now. My officials are working on these programs. I will just sum up my previous remarks by saying that I intend to do it within the present federal budget which means that I do not intend to ask for or recommend raising taxes. I intend to recommend instead a rearrangement of the existing tax structure and spending in my department.

This being said, the hon. member, who I believe is my official critic on the other side, should know that we are studying and have published reports on exactly his second question which, by the way, was not at all the same as the first one. There are three or four reports at least, including a profile of the low wage earner in Canada, which are available to the public. I will have great pleasure sending another set of these reports to the hon. member.

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ENERGY

OIL—SUGGESTED SHORTAGE BY MID-1980'S—REQUEST FOR INCREASED COAL PRODUCTION IN NOVA SCOTIA

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is addressed to the Minister of Energy, Mines and Resources. The minister said recently in Paris and before that in Toronto, that by the middle 1980's or shortly thereafter Canada will have to import more and more oil, that the situation is like the tip of an iceberg in relation to the *Titanic*. Does the minister still feel that way in view of the recent findings and the talk there is about conventional oil being found in Alberta and other parts of Canada, as well as other parts of the world?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Yes Mr. Speaker, I believe the western world is facing a very serious energy crunch. Most experts forecast that it will occur some time in the mid-1980's, at which time oil will not be available in the quantities the western nations have built their economies upon.

Mr. Hogan: A supplementary question, Mr. Speaker. In view of that statement will the minister get together with the President of the Treasury Board and the Minister of Regional Economic Expansion and increase coal production in Cape Breton by opening new coal mines because we in Nova Scotia pay more for imported oil than any other province?

* * *

UNEMPLOYMENT INSURANCE

BRITISH COLUMBIA—ACTION TO PREVENT DELAYS IN PAYMENT OF BENEFITS

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I should like to put a question to the Minister of Employment and Immigration. Since the October 1 decision by the British Columbia Department of Human Resources to deny welfare benefits to those entitled to unemployment insurance benefits, what steps has the minister taken to streamline the processing of UIC claims in order to prevent the lengthy delays that prompted the decision of the B.C. government?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, some time ago we took action to see that the provinces, and particularly departments of welfare, would have an opportunity to make these advances and make some arrangement with the commission in order that cheques could be paid and they would be reimbursed so that there would not be a double payment of UI and welfare. I hope the British Columbia government will take advantage of that specific move.

Mr. Johnston: A supplementary question, Mr. Speaker. Can we assume that all existing manpower offices will shortly be able to handle UIC claims?

Mr. Cullen: Mr. Speaker, that is going to be one of the strengths of the integration of manpower in UI offices so that we can have a one-step and a one-stop service and individuals, we hope, will find the administration even better than it is now.

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PUBLIC SERVICE

GOVERNMENT POSITION ON INDEXING OF PENSIONS—DATE OF PUBLICATION OF REPORT OF ACTUARIAL CONSULTANTS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is addressed to the President of the Treasury Board. In light of the statement attributed to him last September to the effect that in his view the indexing formula may have to be changed so that increases in the public service pension will trail slightly behind the consumer price index and the statement attributed to the Prime Minister in a letter to one of the public service unions endorsing the principle of full indexation, was the minister expressing a view of the government at that time, is he floating a balloon or is something causing him or the Prime Minister to change the policy of the government in this respect and if so, what?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, there is no difference of opinion between the Prime Minister and myself on this matter. We respect the principle of protecting the purchasing power of retirement incomes. We are obviously awaiting the report of the independent actuarial consultants as to the efficacy and future projection of the financing of the Public Service pension plan, including indexation. We will make our decisions when we receive that report. In the interests of public servants enjoying pensions now and in the future, we want to ensure that the plan is properly financed. Based on that report we will have to address ourselves to the amount of indexation that is financially possible.

Mr. Munro (Esquimalt-Saanich): A supplementary question, Mr. Speaker. In other words, the minister is saying the views he expressed in late September were not based on the report, suggesting that the report is not yet in his hands. I wonder whether he can tell the House when he expects that report and whether it will be made public immediately upon receipt in his office.

● (1502)

Mr. Andras: The report is not yet available. I expect it shortly, but I cannot give the hon. member a precise date. Of course, I have made a commitment in this House that it will be made public when we receive it.

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UNEMPLOYMENT INSURANCE

REQUEST FOR CLARIFICATION OF MINISTER'S STATEMENT PLAN IS BASED ON INSURANCE PRINCIPLE IN VIEW OF DEFICIT

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Employment and Immigration. It concerns the apparent flood of advertisements appearing in newspapers and magazines extolling the virtues of the unemployment insurance system. I want to ask the minister about the statement in the advertisements that unemployment insurance is not another kind of welfare but it is like any other kind of insurance. I want to know how that can be when we are told that the deficit is $1.7 billion for the current fiscal year, which will be borne by all taxpayers whether they are entitled to benefits or not.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, once again the hon. member is playing fast

and loose with figures. In point of fact, we have indicated that the premium rate will not be increased this year. It will remain at $1.50 per hundred. It is the figure we discussed with both labour and management. We indicated to them the actuarial soundness of the program. To spread this kind of malicious, imprecise information does a good program a disservice.

Some hon. Members: Oh, oh!

Mr. Clarke: Mr. Speaker, the minister is ignoring the fact that there is a $1.7 billion deficit. He ignored my question, and I would like him to try to answer this one. This cost of $1.7 billion will be borne not by employers and not by employees who pay into the fund and are entitled to benefits, which we acknowledge, but by taxpayers who are not entitled to benefits. How can that be justified?

Mr. Cullen: Mr. Speaker, if the hon. member would take the time to read the legislation, he would see how the system is set up, and I say he is being imprecise. He is using the word "deficit" when he knows it is a government commitment to pay a certain amount after the floating average figure has been established.

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BUSINESS OF THE HOUSE

PROCEDURE ON BILL C-5, CANADA ELECTIONS ACT

Mr. Cafik: Mr. Speaker, I rise on a point of order resulting from a number of discussions which have taken place among opposition House leaders and myself respecting the disposition of Bill C-5. I would like to indicate to the House that the lack of a certain provision in the bill before the House, which may allow anonymous contributions under the Canada Elections Act in excess of $100, in the view of the government is not desirable.

Some hon. Members: Hear, hear!

Mr. Cafik: I am prepared to make a commitment to the House at this time that the government will be prepared to allow an amendment at the committee stage to eliminate the present anomaly.

Some hon. Members: Hear, hear!

Mr. Cafik: Secondly, there has been some concern expressed by members of parliament in relation to the escalation provisions of the bill. I would like to indicate that the government is going to adopt a flexible attitude toward this question and take into account the deliberations of the committee and the various positions brought before the committee with respect to this aspect of the bill. On the basis of those two commitments, I think there would be unanimous agreement to the following House order. I move:

That not later than 5.00 p.m. this day, Mr. Speaker shall put all questions necessary for the disposal of the second reading stage of Bill C-5, an act to amend the Canada Elections Act.

[Mr. Cullen.]

While I am on my feet, I should also indicate that it is the intention of the government, in the event that Bill C-5 is concluded prior to five o'clock—which is our hope—to call Bill C-3, the Air Canada bill, which is at the third reading stage. It is my understanding that there may be only one speaker on that bill, and hopefully we will dispose of it by five o'clock as well. Following that, we would move at eight o'clock this evening to tax measures.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am delighted that the government has decided to accept the view which was first advanced by the Leader of the Opposition—

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): —with respect to the iniquitous brown-bagging provisions allowing anonymous contributions under the bill referred to. Quite frankly, we welcome that. In view of the representation made today with respect to that situation, and the flexible and open attitude the government has displayed—it is marvellous what the cool weather brings on in this city—with respect to the principle of indexation and how it might apply, I am prepared to say that Her Majesty's Loyal Opposition is prepared to agree to the order put forward.

However, I want to make it clear, because my hon. friend has been very forthcoming, that we reserve completely our rights with respect to what our position might be after we have gone through the committee hearings to which this bill will be subjected, because we regard the election expenses legislation as a benchmark in electoral law and the principles of that bill ought not to be idly tinkered with by anyone.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we, too, are grateful that the government has seen the sense of the strong representations which were made on this matter by the hon. member for Sault Ste. Marie.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Since this seems to be a day for getting commercials in, I thought I might get one in as well. Given the commitments the minister has made this afternoon, we are prepared to let second reading be given fairly soon, and on that basis we are prepared to agree to the House order regarding the ending of this debate. Frankly, we doubt if it will take until five o'clock, but if the government would like to have the order to be sure, we do not mind agreeing to it.

However, we wish also to reserve our position with respect to the bill at later stages, depending on what is actually done when the bill is dealt with in the standing committee.

[*Translation*]

Mr. Allard: Mr. Speaker, I am somewhat reluctant to give my consent on behalf of the Social Credit Party of Canada because my colleagues are not here and I think that we have far more important pieces of legislation before us now including the one to amend the Canada Elections Act.

[*English*]

Mr. Speaker: The motion can be put at this time by the minister only with the consent of the House. Does the House give its consent?

Some hon. Members: Agreed.

Motion agreed to.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, questions Nos. 49 and 61 will be answered today and I ask that the other questions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

[*Text*]

MONEY OWED BY MR. CHAPMAN TO C.N.R.

Question No. 49—**Mr. Cossitt:**

1. Since April 20, 1968, how many accounts owing to CNR owned Chateau Laurier Hotel by Mr. Vic Chapman have been uncollected, written off, charged to business promotion by the Hotel or which have been unpaid?

2. What was the total amount paid or unpaid to the Chateau Laurier since April 20, 1968 by or on behalf of Mr. Chapman?

3. Is this Mr. Chapman the same Mr. Victor Chapman who has been employed by the Prime Minister?

4. Were any attempts made by the Chateau Laurier to collect the accounts owing and (a) if so, what are all the details (b) if not, for what reason?

Hon. Otto E. Lang (Minister of Transport): It is not company policy to disclose details of its hotel guest lists or transactions between its hotels and guests.

NATURE PROTECTION AND WILDLIFE PRESERVATION

Question No. 61—**Mr. Orlikow:**

1. Has the government ratified the OAS Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere and, if not, is consideration being given to ratifying the Convention?

2. On what date can action be expected on this matter?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): 1. No; matter being considered.

2. Convention is being reviewed by the Canadian Wildlife Service, Parks Canada, Department of External Affairs and the provincial governments to determine if it is to Canada's advantage to sign.

[*English*]

Mr. Paproski: Mr. Speaker, I rise on a point of order. It has to do with the anticipated disposition of questions on the order paper and the form which Your Honour, the whips, the Clerk Assistant, the *Journals* office and the press gallery receive as soon as we are assembled in this chamber. The production of this form has been delayed half an hour. I would like to know why, because as the whip on this side I need this information to make sure that there are no points of order to be raised after the question period. I can anticipate points of order if I am given notice of the numbers of the questions which are going to be answered. There seems to be a delay, now, of half an hour, and this causes some difficulty on this side of the House.

[*Translation*]

Mr. Pinard: Mr. Speaker, the Standing Orders provide that we answer questions on the order paper at three o'clock in the afternoon or after the oral question period. It is only mere courtesy on our part to distribute in advance to hon. members the list of questions which will be answered. Last week the hon. member rightfully complained that he did not receive in advance the list of questions to be answered. He pointed out at that time that he would like to receive it half an hour in advance. Therefore I saw to it today that it be done and he did receive it at 2:30 p.m.

• (1512)

GOVERNMENT ORDERS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT OF CERTAIN PROVISIONS

The House resumed, from Monday, October 31, consideration of the motion of Mr. Cafik (for Mr. MacEachen) that Bill C-5, to amend the Canada Elections Act, be read the second time and referred to the Standing Committee on Privileges and Elections.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I say, through you, to the deputy House leader that I will not be long in my remarks. I understand I will be the last speaker for this party. In making this contribution to the second reading debate on Bill C-5, I offer congratulations to the Chief Electoral Officer, Mr. Hamel, and the all-party committee which worked so diligently for many months on the contents of Bill C-5, amendments to the Canada Elections Act passed by this parliament in 1974.

I had the pleasure of participating in the committee. It spent many months going over the amendments to the Canada Elections Act. It produced two very important changes to our electoral procedure: first, contributions to election campaigns will now be declared publicly—the accusation can no longer be made about devious methods being used to finance political

parties—and, second, there will be a limit on the amount of money spent on election campaigns.

My leader pointed out, in starting the second reading debate, that the amendments contained in Bill C-5 unfortunately seriously affected these two very important considerations. The deputy House leader of the government indicated today, certainly with regard to anonymous donations, that the government is prepared to entertain a motion. We offer our congratulations and thanks to the Minister of State (Small Business) (Mr. Abbott) who, through his contribution to the second reading debate, had a great deal to do with the government's change of attitude in this regard.

On the question of indexing, the whole manner in which the limits to election campaign spending were arrived at in the terms of the original bill at least contained a strong arbitrary component. Before we automatically attach spending limits to the consumer price index and index these limits automatically, there should be a much more careful examination than has previously been the case.

The third point I wish to make is with regard to the question of all-party co-operation. I had the pleasure of attending several meetings of the ad hoc, all-party committee which met with the Chief Electoral Officer. I know of the co-operation which existed among the members of the committee. It was something of a change from the type of attitude that sometimes exists in this House. It was, therefore, most distressing to find, when Bill C-5 was produced, that some of the recommendations agreed to by the all-party committee had been arbitrarily changed by cabinet. Every member of the House of Commons should promote opportunities for co-operation among all parties, for the common good of not only this institution but the country. It was disturbing to witness the type of action that was earlier intended.

The reaction of the government, in indicating it will reconsider these two provisions as a result of having heard the speech of the Leader of the Opposition (Mr. Clark), is a welcome step in the right direction. I can state, on behalf of members of my party who participated in the committee proceedings, that we intend to co-operate fully, as we have to this point. This bill can receive expeditious treatment in committee, be returned to this House and passed at third reading in ample time for the next election, whenever it might come. On that note, Mr. Speaker, I conclude my remarks.

Mr. Derek Blackburn (Brant): Mr. Speaker, I, too, will be brief because the government is prepared to introduce an amendment to plug at least one very serious loophole in the bill as presented to us at second reading stage. I intend to participate in this debate when the committee reports to the House. This party has waited many years for electoral reform with regard to election expenses. For far too long the Liberal party and the Progressive Conservative party have received large sums of money from the big corporations. There has been literally no accounting whatever of those donations. I congratulate the government in finally seeing the light. We in this country must not only have political democracy, but economic democracy vis-à-vis elections. This bill will permit an ordinary

[Mr. Andre.]

income earner to contribute to the party of his choice or, indeed, more than one party.

With regard to the indexing expenses clause of the bill, this party is not totally opposed to that. However, we sincerely hope that the committee will take a serious look at this part of the bill to ensure that the indexing is kept to an absolute minimum. What is the point of trying to control election expenses if they are permitted to escalate at a very rapid rate from one election to the next? That is not fair to the smaller parties in this country.

The main point I wish to deal with is the anonymous donations section of the bill. This was amply dealt with by my colleague, the hon. member for Sault Ste. Marie (Mr. Symes). I want to make clear at the outset how we define anonymous donations. Some members seem to think that an anonymous donation is a sum of money in cash handed to a candidate or party, with no name attached; under the table, or however you want to put it. Obviously, that cannot be permitted if this bill is to have any meaning. I hope the amendment which the government will introduce, or which the committee accepts, will do away with that kind of chicanery, because that is all it is.

There is another very important aspect with regard to anonymous donations. In American campaign politics, in growing numbers we see full page ads asking voters to elect or re-elect John Smith, Joe Blow, or Mary Brown. Underneath the ad it states, "This ad is sponsored and paid for by the citizens to elect", or "re-elect", a particular person. Will that kind of underhanded tactic be incorporated in this bill? That slipshod method is just a gimmick to show that a certain party has the support of the clergy, labour, big business, small business, women's groups, or whatever. What they do is get token individuals from each of these major groups within an electoral district in the United States. It takes away from the rather harsh partisanship. I agree that many people today are doing that. The candidate is made to appear more accessible to the voters because these advertisements are sponsored by an anonymous committee which could be called together perhaps several months before an election.

• (1522)

As members are aware, in the United States election dates are known in advance. I hope that under our system, every advertisement, whether on radio, television, in the newspapers or by way of leaflets or pamphlets, will be covered by the bill we are considering, to the extent that all such material would need to be publicly sponsored by a political party; it could not be sponsored privately and paid for by "citizens to back John Smith", and so on.

If such a provision is not in the amended bill, what is the point of bringing down a bill at all? As things are, the entire concept is nullified, because it would be very easy for a group of wealthy people to get together to organize a committee to support the candidate of their choice. What it really means is that a small group with a lot of money to spend on advertising could not contribute to the campaign of a particular candidate

without accounting for such expenditures, along lines which, surely, were envisaged when the elections act was debated.

I plead with members of the appropriate committee to make sure that my suggestion is given consideration and that ad hoc committees of the kind I have described are not permitted. In my view, they are frivolous and unacceptable groups whose activities go beyond the spirit of this bill. In short, if my suggestion is not accepted, the bill will mean nothing.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised on the adjournment motion at 6 p.m. are as follows: the hon. member for Egmont (Mr. MacDonald)—Performing Arts; the hon. member for Sault Ste. Marie (Mr. Symes)—Finance; the hon. member for Dauphin (Mr. Ritchie)—Grain.

GOVERNMENT ORDERS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT OF CERTAIN PROVISIONS

The House resumed consideration of the motion of Mr. Cafik (for Mr. MacEachen) that Bill C-5, to amend the Canada Elections Act, be read the second time and referred to the Standing Committee on Privileges and Elections.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I should like to say a few words about the bill which is before us. When the acting House leader rose, he covered, I think quite adequately, two of the three concerns we have, one being anonymous contributions and, second, the desirability of taking a serious look at indexing in the bill before us. The third concern is one which I think is very important, that is, third party advertising, the subject dealt with by my hon. friend from Brantford (Mr. Blackburn).

There was a case very recently, the Roach case, where the judge ruled in favour of Mr. Roach and in favour of third party advertising. If that sets a precedent, then the whole effect of the elections act in controlling expenditures may be nullified. On October 24 this year, in a judgment, His Honour Judge Zimmerman said the following:

> Mr. Roach in his evidence made it clear, in my opinion, that the aims of CUPE, Local 767, were to oppose the anti-inflation program, that his own personal views on the issue were in accord with those aims, and that the means adopted by CUPE Local 767 were intended to attract publicity for the purpose of advancing those aims. Mr. Roach also made it clear in his evidence, and I accept the fact, that no contact was made with any candidates or official agents, so it cannot be said that the expense was related to any provision of the act limiting election expenses. It seems to me, therefore, to follow that the expense was made in good faith.

I do not quarrel, of course, with the judgment of His Honour, but I do think we as parliamentarians should concern ourselves with plugging the loopholes in the act so that this type of activity is not permitted, because if we were to allow what I would call third party advertising, we would be inviting nullification of the act. Not only would we be allowing private citizens to put advertisements in the media campaigning for a certain point of view during an election campaign, but we would also be allowing citizens' committees of all sorts to be formed, committees of concern, citizens in defence of freedom, citizens in defence of God knows what. We would also be allowing the Canadian Manufacturers Association, trade unions, mining associations, insurance companies, and so on, to get involved in election campaigns and campaign for certain ideas or for certain philosophies and not come under the scope of election expenditures. That could distort the whole intent of the act.

As this ruling says, Mr. Roach—and I do not disagree with the objectives Mr. Roach was talking about; this party opposed very vigorously the anti-inflation program—was putting forth his personal views opposing the program during a by-election campaign when the election expenses act had application. He made it clear this was his personal position and that he was in contact with no official agents or candidates of any political party. It was his own personal position in opposition to the anti-inflation program. As I say, I agree with him on that particular issue, but there might be other issues with regard to which I would not agree with him.

I think we have to set aside our personal feelings and look at the merits of this activity. He was trying to influence the outcome of the by-election and was acting totally outside the scope of the elections act. Before it passes the bill before us, I think parliament ought to plug that loophole so that associations cannot be formed during an election campaign in order to present certain points of view.

I recall very vividly the recent British Columbia election when the insurance companies were actively involved in a campaign of their own against the government of the day because it had set up auto insurance in the province. There could be many associations in the next election campaign attacking us, attacking the Conservatives or attacking the government for certain points of view. They would not come under the scope of the elections act as it is drafted, if the Roach decision is to become a precedent. I hope the government will take a serious look at this question. I know many members of the government are very concerned about this judgment being used as a precedent. I know many officials of the Liberal party are very concerned about it—as we are—and as, I am sure, are many members of the Conservative party.

Since we are all concerned about this matter, I hope members more directly involved will put their legal minds to work and come up with amendments to the elections law which will plug this loophole. Perhaps the acting House leader will have a response to the questions I am posing. I hope he does, because that perhaps would shorten the debate.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I am pleased to rise at this time to conclude the debate on Bill C-5 and indicate—

The Acting Speaker (Mr. Turner): Order, please. I must advise the House that if the minister speaks now he will close the debate on this matter. Does any other member wish to speak?

Mr. Cafik: Thank you, Mr. Speaker. I took it for granted, because I introduced this bill, that my remarks now would conclude the debate. I appreciate the co-operation of all hon. members.

I will repeat very briefly the two points that I indicated to the House earlier. One is in relationship to anonymous contributions. It had been the view of the government, when this matter was being discussed in contemplation of amendments, that it was not a loophole which would allow for anonymous contributions. It is evident that other members of the House do not share that point of view. It is not as though there is some provision in the amendments which would directly allow anonymous contributions over $100. The question really arises because some suspect we have not taken measures to plug a loophole which existed in the original statute.

● (1532)

The legal officers of the Crown, as I understand it, originally felt that the existing statute did not require an amendment to prohibit anonymous contributions of over $100. But it is quite evident that hon. members do not share that view. Acting on behalf of the government, may I say I can see no objection to putting forward what I would call a "comfort" amendment to make sure that the law is absolutely clear and precise in this respect. Then all hon. members will know the law and how it is to be interpreted and they will be able to follow it without any doubt or question with respect thereto. That is our first position.

The second one, as I have already indicated, relates to the proposed escalation provisions. A whole number of approaches could be taken to correct some of the problems existing in the present statute in this regard. I have indicated that the government will have an open mind in the hearings before the committee; it will take into account the various approaches which may be proposed and, hopefully, arrive at an approach which is acceptable to both sides of the House.

It is quite evident, from discussions with my colleagues in caucus and from listening to the debate which has taken place in the House of Commons, that there are a number of other questions in the forefront of hon. members' minds in relation to this statute. I cannot make a commitment to the House at this time as to specific resolutions which we might be willing to accept. However, it goes almost without saying that we are taking a pretty flexible approach to this statute. After all, it affects all of us as members of parliament; it affects our very existence as members of parliament.

I do not think it is a partisan matter, but one to which we all have to address our minds very specifically in the hope that we will pass a bill that will achieve the central purpose of the legislation, that of full disclosure and of getting rid of suspicions which may have existed in years gone by as to how parties and members of parliament are supported financially. That objective, of course, we all share. We shall examine whatever amendments and proposals are put forward to ensure that these central principles are left intact, so we can produce a law which will serve the public interest and to which individual members of parliament can relate.

I hope this matter will be dealt with expeditiously in committee, Mr. Speaker. I believe there is a broad basis of agreement. We will need sufficient time to formulate our approach to the specifics which have been mentioned in this debate, and I assure all hon. members that it is the government's intention to look at these matters very carefully. But any amendments to the bill should be put into the law as quickly as possible, since the Chief Electoral Officer requires the legislation so he will be prepared for any possible electoral opportunities which may present themselves to hon. members in the future.

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

Mr. Nystrom: Mr. Speaker, I wonder whether the minister would be prepared to answer a brief question.

Mr. Cafik: Of course, Mr. Speaker, if it is agreeable to members of the House.

The Acting Speaker (Mr. Turner): The hon. member for Yorkton-Melville (Mr. Nystrom) on a question.

Mr. Nystrom: At least, I hope the question will be brief. The minister did not refer to the Roach case when he was speaking a few moments ago. Would he make a comment or two as to whether or not it is the government's intention to try to plug some loopholes concerning third party advertising?

Mr. Cafik: Mr. Speaker, I cannot speak on behalf of the whole government on this question; I am not the government, but only one member of it, as hon. members know. I can indicate, from a personal standpoint, that I have concerns which I share with the hon. member who raised this question. This is a matter of some importance to which the committee should address itself and make what the committee believes appropriate recommendations for amendment.

Motion agreed to, bill read the second time and referred to the Standing Committee on Privileges and Elections.

[*Translation*]

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House resumed, from Thursday, November 3, consideration of the motion of Mr. Lang that Bill C-3, respecting the reorganization of Air Canada, be read the third time and do pass.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise to speak briefly in this debate because I would like to call the minister's attention to an unacceptable development at Victoria International Airport, the bilingualization of security agents in that airport. Oddly enough, orders to that effect were issued in the name of Air Canada's president rather than the Minister of Transport (Mr. Lang). I will come back to this later.

[*English*]

In May of this year, a general instruction issued by Air Canada contained the requirement that the security checking teams clearing passengers through airports across Canada possess competency in both of Canada's official languages. Presumably this was pursuant to recommendations made to the president of Air Canada by the commissioner of official languages in his report of 1976. In this report, the sixth annual report of the commissioner of official languages, there was a recommendation specifically directed to Air Canada. I suggest it is an unusual recommendation. It appears under the heading "Bilingualism Policy and Guidelines for Implementation". It is recommendation No. 58, and reads as follows:

—wherever the word "practical" appears in reference to the use of the two official languages, delete it.

Then under the heading "Job Security" appears recommendation No. 68 which reads:

—ensure that the job security of its personnel is not jeopardized in implementing the recommendations listed in this report.

I find this second recommendation completely comprehensible since it applies to all of the Air Canada recommendations. I should like to turn to another document, one which I suggest is much more official, issued by the government. I suppose it might be called the "grey paper" on the official languages of Canada. It is entitled "A National Understanding", and I should like to refer to chapter 4, page 44. I have checked the English and the French versions, and they are identical. At page 44 the following appears:

Canadians should be able to communicate with, and to obtain service from, the federal institutions of government in the official language of their choice and arrangements should be made to this effect wherever there is sufficient demand for it.

I relate the words "wherever there is sufficient demand for it" to recommendation No. 58 of the commissioner of official languages, which reads:

—wherever the word "practical" appears—delete it.

I find a certain inconsistency there, Mr. Speaker. I think all members of the House would subscribe completely to this particular guideline. Canadians should be able to communicate with, and to obtain service from, the federal institutions of government in the official language of their choice. That is fair enough. It goes on to say that arrangements should be made to this effect wherever there is sufficient demand for it.

● (1542)

Aside from my puzzlement as to why Air Canada should issue this general requirement in this area, Air Canada did not, as far as I know, make any attempt to determine the need at the Victoria international airport for competency in the French language by the staff at that checkpoint area. What triplicates the puzzlement in my mind about that basic instruction to the security check personnel is that they do not speak to the passengers. What this amounts to—and it becomes farcical, if not absurd—is that they are looking for mute bilinguals. I find it difficult to understand why, at the Victoria international airport—where there has been no attempt to determine the need, as far as I know—they are seeking to recruit mute bilinguals.

I know that if the need should arise for use of the second official language at Victoria international airport—and this has happened in the past on rare occasions—in half an hour at the very outside, and more often in a matter of minutes, it could be satisfied. Bilingual people could be obtained very quickly, as there are French language teachers in the area and, in fact, bilingual employees at the airport during normal working days, all of whom I am sure would be happy to come forward and help. However, I find it quite absurd to insist, under this requirement, that there be competency in this particular area of the airport's activities.

When I got wind of this requirement I immediately wrote to the president of Air Canada. That was on September 20 last, some six weeks ago. I have not yet received a reply. I assure the House that I wrote to him outlining the extracts I have put on the record from the "grey paper" issued by the government. I wondered why he had found it necessary, at the Victoria international airport, to put forward this particular recommendation. I am still awaiting a reply to my letter. In the meantime, I must admit that he has succeeded in stirring up a veritable hornets' nest of aggravation in the area. There is no need for such aggravation at this time, in face of problems currently confronting this country. Certainly, there is no need for that kind of aggravation being thrust upon the community in this area.

I indicate, also, that two years ago a similar thing happened in respect of the car rental area, where a bilingual requirement was to be laid down. I intervened at the time. I asked members of the car rental area to check and find out how many times, at the Victoria international airport, there had been a requirement for the use of the other official language. I asked how many times they had been asked in the French language, during the years they had been operating there, about the possibility of renting a car. The answer was that it had not happened even once.

I agree completely that we should have bilingual forms, but I am puzzled by the requirement I have mentioned, when there

have been no verbal problems at all, as far as I am able to determine. Had there been any verbal problems in this regard, I would have come forward and helped had I been in the area. I know there are others in the area who would do the same.

I question the need for this competency at the Victoria airport. There are other international airports in Canada where such competency is required. I do not question that fact at all. I also question why Air Canada should be the agent for circulating this instruction. The area to which I refer is located in a Department of Transport building. Air Canada is not the only air service which uses the building. Why was it the president of Air Canada who issued the instruction? If the instruction had to be issued at all, it should have been issued by the Minister of Transport. Therefore, I feel there should be, in this reorganization bill about which we are now speaking, a clear understanding of the scope of the requirement of Air Canada. Air Canada is operating its aircraft on the ground and in the air, and in that capacity it has a responsibility in respect of bilingualism, which it is exercising. But surely it does not have the same responsibility with respect to federal properties such as airport buildings.

Let me end on a happy note, Mr. Speaker. I make it clear that, due to the very good sense of representatives of Air Canada in Victoria, supported by the president of Air Canada, it was agreed there would be no implementation of this requirement until vacancies occurred through attrition. There has been no change. Let me suggest to you, Mr. Speaker, that the form of aggravation which occurred in that area would be as great in Schefferville, for example, if Air Canada insisted upon English language competency in that area. I am just not sure about baggage handlers; probably they do not talk to the passengers, either. It may very well be that such a requirement would be circulated in that area, as well, by Air Canada.

As I have said, I have raised this matter with the president of Air Canada and I am awaiting a reply to my letter. I raise this question today because of the absurdity of the requirement and because of my puzzlement as to why the president of Air Canada would be the person to suggest such a requirement.

[*Translation*]

There can be no objection to our Crown corporations' commitment to offer our citizens the required services in the official language of their choice, and take the necessary measures wherever there is sufficient demand. But requiring the second language in areas where demand is almost non existent can only worsen the language situation that is intricate enough already. I hope that Air Canada officers have learned their lesson and will apply bilingualism in places where there is sufficient demand for the second official language, whether it be English or French.

[*English*]

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I shall be brief at this stage of the debate. However, I wish to reiterate the concern of the NDP regarding the bill before us, which is to reorganize Air Canada. We know that certain clauses of the bill indicate the government wishes Air Canada to operate primarily at a profit, even if that means—as we all know it will—reduction of service in certain areas. Because of the stated opinion of the Minister of Transport (Mr. Lang) here and elsewhere, we are concerned about the selling off of profitable parts of public enterprises to private enterprise. He voiced that opinion regarding Canadian National Railways and parts of Air Canada.

● (1552)

As I have said before in this debate, and as has been stated by my colleagues, our transportation system is vital to the unity and the economic strength of this country. Because we are a large geographic area with sparse population, it means that we cannot operate a transportation system solely on the concept of making a profit, whether it be rail or air service. If we want to bind the country together and service people in regions of low population, in order for them to have access to good transportation services like people in large urban centres we must realize that Air Canada and other modes of transportation will operate at a deficit at times in order to serve the public good.

We in the New Democratic Party are not saying we should abandon all fiscal responsibility and not worry about the kind of deficit that is mounting. Obviously, we are concerned about efficient operation. What worries us is that this bill and this Liberal government, supported by the Conservatives, seems to indicate that the concept of service will be secondary to the concept of making a profit. That principle is totally unacceptable. Air Canada and the CNR were formed in response to the public need for adequate service and transportation which the private industry was not willing or able to fulfil because such service could not be operated at a profit. Therefore, the government had to step in to provide a service. In any civilized society, surely that is the rational and correct thing to do.

Under the direction of the Minister of Transport, we see an attempt by this government to dismantle the great public enterprises which have been formulated in the past in order to service the public good. We in this party cannot accept that kind of philosophy. We see moves afoot to reduce Air Canada's service to the smaller centres and hear the argument of some transport advisory committees that Air Canada should drop the small-centres routes, such as the routes to many places in northern Ontario and Atlantic Canada, and turn those over to the smaller regional carriers.

We know from experience that the smaller regional carriers do not provide the same high level of service as Air Canada. In all likelihood, the smaller carrier will face a deficit, just as Air Canada does, in terms of servicing the smaller population centres. Whether it is the private carrier that is subsidized, or Air Canada, the taxpayers will foot the bill.

In the concept of public enterprise, we as members of parliament have some say in how that public enterprise operates, which we do not have in respect of private enterprise. Public enterprise should be the norm in our transportation system, not the private carriers. The reason Air Canada and the entire airline business is facing deficits in this country is

the degree of overcompetition which is allowed by this Liberal government. There is no sense in flying a half-empty Air Canada plane to Thunder Bay or Sault Ste. Marie, and at the same time flying a half-empty Transair plane to the same centres.

Overcompetition is reducing the load factor for the airlines. The only way an airline can be profitable is for it to keep the number of seats occupied at the highest level, and not fly half empty. The more competition we introduce into our national airline transportation system, the greater the likelihood of deficit on the part of individual carriers. We in this country realize that we do not have a large enough population to maintain a full load factor for the many airlines which are in existence.

The concept written into the bill, that profit must be the primary guideline, and not service, worries us. The minister's statements with regard to selling off parts of public enterprise worries us as well. For these reasons, we do not want this bill to go through as it is; we want to force a vote so that Canadians may see where their elected representatives stand on the vital issue of service in the transportation system of this country.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, all last week and again today we heard many remarks about Bill C-3 respecting the reorganization of Air Canada. Having attended all the debates, Mr. Speaker, I am reminded of my college days when I frequently won first prize in literary analysis. I was quite surprised to see my hon. colleagues spend more than five days on four lines of subclause (1.1) of clause 7 (1), namely the concept of Air Canada profitability. I do not see why so much time was spent discussing that question because it seems to me only logical for a corporation, whether a Crown corporation or not, to operate on sound business principles, and especially for such a corporation to try to make a profit.

On the other hand, Mr. Speaker, no mention was made of the fact that clauses 8 and 9 of this bill are there precisely to ensure that notion of service that seems to be overly worrying our colleagues of the NDP. Clause 8 says, and I quote:

8. The Corporation shall, in the exercise of its capacities and the carrying out of its activities, comply with directions of a general nature given to it in writing by the Governor in Council.

It is quite obvious, Mr. Speaker, that in spite of the so-called lessons of history and geography that we were given by certain colleagues of the NDP, members of this House realize that our national carrier, Air Canada, must provide service to certain disadvantaged areas of this country, not in the large population centres of our capitals or our large provincial cities. And this clause 8 empowering the governor in council to give directions to Air Canada is there precisely to allow the governor in council to say to Air Canada: You are going to provide service in such and such areas of this country, and on the other hand, as provided in clause 9, the government will be able to reimburse any losses incurred through any such non-profitable service as the airline may be required to provide.

During all that debate last week, Mr. Speaker, we heard, for example, our colleague from York Simcoe (Mr. Stevens) accuse the government of nearly causing Air Canada to go bankrupt, of piling on government deficits, because of their socialist principles. Immediately after, we heard our friends of the NDP say that this was another case of mismanagement because we were sacrificing the objectives of our national transportation policy for the sake of profit.

● (1602)

I think that if we must choose between what the hon. member for York-Simcoe says and the criticism from our friends of the New Democratic Party concerning this bill, the government is right and the old Latin proverb *in medio stat virtus* applies once more.

We had another surprise during that debate, Mr. Speaker, and it brings me to say that it might be highly desirable to reflect on the work of this House. For almost two days we have been listening to our colleagues from the Edmonton area express their preoccupations concerning problems at the Edmonton airport. Mr. Speaker, however serious the problem I still do not believe that the Edmonton airport issue is very much related to the reform of Air Canada.

To conclude, Mr. Speaker, I wish to say very briefly how surprised I was to listen today to the hon. member for Esquimalt-Saanich (Mr. Munro) who seemed astonished that some Victoria airport employees had to speak both official languages of this country. Mr. Speaker, it does not matter whether this guideline was issued by Air Canada or the Department of Transport, it simply requires some employees dealing with security to be proficient in both official languages. My conclusion, Mr. Speaker, is that the official languages issue should not be hidden behind a series of regulations, that we should stop splitting hairs and consider that the use of both official languages of Canada is a matter of courtesy in public services. If we cannot or if, according to the hon. member for Esquimalt-Saanich, it is ridiculous to expect bilingual services from Victoria airport security personnel, this same principle will apply at Baie-Comeau, Sept-Îles, Roberval and other airports.

Mr. Speaker, with regard to that bilingualism policy, I should have thought that the hon. member for Esquimalt-Saanich would have rejoiced in the fact that an attempt is being made to have bilingual employees at the Victoria airport.

I feel that only with that type of good will, everywhere in Canada, while protecting the persons who now hold those jobs, can bilingual employees replace unilingual ones as jobs become available. That is the only way true understanding of that bilingualism policy can be achieved.

Mr. Speaker, as I said earlier, Bill C-3 is well-balanced and I urge all hon. members to adopt it very quickly.

[*English*]

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

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the motion (Mr. Lang) which was agreed to on the following division:

● (1612)

(Division No. 8)

YEAS

Messrs.

Abbott
Alexander
Anderson
Andras (Port Arthur)
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Balfour
Basford
Beatty
Bégin (Miss)
Boulanger
Brisco
Buchanan
Caccia
Cadieu
Cafik
Caron
Chrétien
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Collenette
Corbin
Crouse
Cullen
Cyr
Darling
Daudlin
Dawson
Demers
Dinsdale
Dionne (Northumberland-Miramichi)
Drury
Duclos
Dupras
Epp
Ethier
Flynn
Foster
Fraser
Gauthier (Ottawa-Vanier)
Gillespie
Gillies
Goodale
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Halliday
Hargrave
Herbert
Holmes
Holt (Mrs.)
Hopkins
Horner
Huntington
Hurlburt
Isabelle
Jarvis
Jelinek
Johnston
Kempling
Knowles (Norfolk-Haldimand)
Korchinski
Lachance
Lambert (Edmonton West)
Landers
Langlois
Laniel
Lapointe
Lawrence
LeBlanc (Westmorland-Kent)
Lefebvre
Lumley
MacDonald (Cardigan)
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacGuigan
Macquarrie
Maine
Marchand
Marshall
Mazankowski
McCain
McGrath
McIsaac
McKenzie
McKinley
Muir
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Murta
Neil
Nicholson (Miss)
Nielsen
Nowlan
Oberle
O'Connell
Ouellet
Paproski
Patterson
Penner
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Poulin
Railton
Raines
Reid
Ritchie
Robinson
Roche
Rompkey
Rooney
Roy (Laval)
Sauvé (Mrs.)
Schellenberger
Sharp
Skoreyko
Smith (Saint-Jean)
Stanbury
Stanfield
Stevens
Stewart (Marquette)
Stewart (Cochrane)
Stollery
Towers
Turner
Whiteway
Whittaker
Wise
Wood
Yanakis
Yewchuk
Young—137.

NAYS

Messrs.

Allard
Benjamin
Blackburn
Broadbent
Caouette (Villeneuve)
Douglas (Nanaimo-Cowichan-The Islands)
Firth
Hogan
Knowles (Winnipeg North Centre)
McRae
Nystrom
Peters
Saltsman
Symes—14.

● (1632)

Mr. Speaker: I therefore declare the motion carried.

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

* * *

[*Translation*]

INCOME TAX ACT

AMENDING LEGISLATION

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to the Committee of the Whole.

He said: Mr. Speaker, Bill C-11 is now before the House for second reading. Its purpose is twofold: first, to implement amendments to the Income Tax Act as announced by myself on October 20 and as put forward by my predecessor, the hon. member for Rosedale (Mr. Macdonald), in his March 31 budget; second, to increase government borrowing authority.

This legislation is important. It is designed to assist in solving short and medium term economic problems. Tax rebates granted to individual taxpayers will have an immediate effect on consumer expenditures, hence promoting job creation. A number of investment incentive measures will be the basic landmarks for a sustained economic recovery. This legislation will help establish a climate of confidence which business needs badly to plan, expand and overcome problems inherent in changes and readjustments of industry. The bill is clearly directed towards the need to encourage job creation in the private sector, at present and in future. We must direct all our efforts to this purpose, but we must also pass these measures so they will have immediate results.

[*English*]

Let me turn to changes in the personal income tax. These measures will reduce by $500 million the taxes paid by individuals for 1977, and by $1,200 million for 1978. Together with the indexing adjustment, the changes will reduce by more than $2 million the income tax of individuals for 1978. The measures affecting individuals include an increase of $100 in the maximum of the employment expense deduction. It will now become $250.

There are two important changes in the federal tax credit. As proposed on October 20, the minimum credit is increased to $300 from $200. This $100 cut in taxes will benefit over 7,500,000 Canadians. Many will receive it in January and February. Also, as announced in March, a $50 credit for each dependent child was introduced. These changes are of most help to individuals with low and minimum incomes. For example, the effect of these measures will be to completely eliminate the federal tax payable next year by a taxpayer with earnings of $8,435 who supports a wife and two children.

We want to stimulate private investment. A number of measures in the bill will help achieve this objective. They will do this by improving the business and investment climate and by providing direct incentives. The 5 per cent investment tax credit was supposed to expire this year. The bill provides for a three-year exemption. Furthermore, it introduces the concept of differing benefits to reflect regional disparities. For certain designated areas the credit will be 7½ per cent instead of 5 per cent, and it will be 10 per cent in the Atlantic provinces and the Gaspé region of Quebec. It applies to new investment in Canada and will benefit manufacturing, the resource industry, forestry, fishing and farming. This, by the way, is an example of how the federal fiscal policy can, and does, take regional disparities into account.

The credit is also now being extended to include capital and current expenditures on scientific research. The cost of the measure is estimated at $385 million for the current year. This bill will help to reduce the effects of inflation on Canadian business. In Canada and elsewhere, a search is under way for an accounting system which accommodates inflation. In the meantime, business faces a cash flow problem in part because of inflation. The tax system already goes some way toward meeting the problem in the area of capital equipment by special concessions such as fast write-offs and the investment tax credit. But we still need to recognize the impact of inflation on inventories. The proposal to allow a special deduction of 3 per cent of the cost of inventories will ease the cash flow problem to the extent of some $300 million annually.

● (1642)

To stimulate investment further, the bill includes measures to help business borrowing abroad. It also expands the $1,000 dividend and interest exemption to include capital gains. It introduces special rules for replacement of business and farm properties. It increases the offset for capital losses and provides a guarantee of capital gains treatment on disposal of Canadian securities. These and other measures will assist all business. Many of them give special help to small business. Of particular significance in this vital area, the area of small business, are the measures to stimulate investment. These include the increase in the dividend tax credit from 33⅓ per cent to 50 per cent beginning next year, the special inventory allowance, and the extension of the investment tax credit.

The bill will facilitate expansion by Canadian-controlled private companies through joint ventures, business acquisitions and plant replacement. The special provisions for employee stock options and share-purchase loans will permit smaller companies to better compete in attracting managerial expertise. Funds for small business will be encouraged by the guarantee of capital gains treatment for investors and the special accommodation of provincial venture investment corporations.

[*Translation*]

Mr. Speaker, a number of provisions in this legislation will also promote investment in Canadian equity. This will arise from the increase in the dividend tax credit. Another amendment will make dividends of public company stocks more attractive to shareholders. These measures will improve the market of transferable securities and promote those subscriptions of shares which are necessary to any business development. Amendments to the dividend tax credit relate to a series of measures announced in the budget concerning the distribution of corporate surplus. It is most urgent to simplify this very complex area of the legislation.

The amendment made to the provisions concerning dividends enables us to rationalize the various rules concerning the distribution of corporate surplus. The need for designated surplus is eliminated as well as the need for the other complicated regulations whose purpose was to prevent the taxation of dividends.

Following these changes, several business reorganizations which could not be carried out because of fiscal considerations will now take place only on the basis of strictly commercial considerations. Other amendments will further facilitate these reorganizations. For example, any unused commercial loss, any capital loss or investment tax credit of a corporation belonging to a group of corporations will be transferable to another corporation of that same group when there is a merger or a liquidation.

As I mentioned in my speech of October 20, I do not intend to carry through the proposal to make taxable upon the death of the insured that part of the life insurance proceeds which consitutes a revenue from an investment. This bill also contains important amendments affecting the insurance companies. Their main objective was to draft a set of regulations establishing a fair level of taxation for this important sector of our financial system, not only with regard to that industrial sector as a whole, but also for the companies as they relate toward each other. I will have to monitor carefully the implementation of these regulations to make sure that the objective is reached. These rules bear mainly on the treatment granted to the various reserves which insurance companies can claim and on the way the revenue from that investment is considered. In that past, the regulations have favoured multinational insurance companies. Had we not amended the already existing regulations, insurance companies operating only in Canada would have been placed in a very disadvantageous competitive position. It was then a pressing matter to solve this problem; this is what the bill does by guaranteeing an equitable share of the tax burden between multinational and strictly national insurers.

[*English*]

The bill proposes an increase in the statutory borrowing authority by $9 billion. The Financial Administration Act provides that "no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of parliament". This refers to "new" money only, as there is a continuing authority in the act for the government to borrow funds to repay maturing debt. The increase in borrowing authority sought at present is to cover estimated financial requirements into the next fiscal year and to provide a substantial margin for contingencies.

In the past, borrowing authority has normally been sought in one of the first appropriation acts of a new fiscal year. The long-established procedure was to attach a clause requesting new borrowing powers to supply bills brought before the House. However, as hon. members are aware, this procedure provided no opportunity to debate the authority being sought. In the past two years, following a recommendation by the Standing Committee on Procedure and Organization and agreement between the House leaders, one day was established for debate on this topic. Furthermore, it was agreed that the government would change the procedure for obtaining new borrowing authority. The government intends to introduce a bill soon providing a new procedure which will give ample opportunity for normal debate. In the meantime, there is need for an increase in the borrowing authority.

The size of the request for additional borrowing authority requires some explanation. Earlier this year, this House approved $7 billion of new borrowing authority. This amount was based on the $6.4 billion in cash requirements anticipated for the 1977-78 fiscal year. The cash requirements have now increased to $8.5 billion. Furthermore, the government has just announced a standby credit of $1.5 billion in the U.S.-Eurodollar market. Foreign loans, even of a standby nature, to replenish foreign exchange reserves are not part of the normal cash requirements. These loans are a charge on borrowing authority over and above the increased cash requirements announced for this fiscal year. The government also needs a large contingency amount to provide it with flexibility in planning next year's Canada Savings Bonds campaign. The increase in the borrowing authority will serve to cover our financial requirements well into the next fiscal year and will provide a cushion for contingencies.

It is essential to increase the borrowing authority as soon as possible. To date, we have raised approximately $4 billion in new money through the issue of marketable securities, and we have arranged a $1.5 billion U.S.-Eurodollar standby credit. This year's Canada Savings Bonds campaign is under way, and net sales of this series will also be charged against borrowing authority. As a part of the normal debt program, the government plans to raise some new money through November and December. As a result, the government is rapidly running out of borrowing authority. To meet current requirements, to provide for a margin to meet normal requirements for some months into the next fiscal year, and to provide for a large contingency, it is essential to increase borrowing authority in the amount of $9 billion.

• (1652)

Members of this House will appreciate the importance of this bill to a large segment of Canadian society. It is vital to avoid any unnecessary delay in proceeding with it. The implementing legislation for the tax changes in the budget of May 25, 1976, was not finally passed until late February of 1977. The delay caused very serious inconvenience and disruption for the thousands of taxpayers affected by those changes. I therefore urge members to consider the provisions of this bill, not hastily, for it is complex, but with dispatch. To a considerable extent, the economy depends on business confidence. Passage of the bill before us is extremely important in securing that confidence.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, as we tackle these income tax bills following recent budgets, we witness a variety of practices which seem to change almost from budget to budget. We had a March budget and we were expecting to have an income tax bill, but right in the middle of the throne speech debate the minister came forward and presented a mini-budget. Then, following the adoption of the throne speech resolution, a ways and means motion was put down, as well as what I call a bootleg motion, to increase the borrowing authority of the government of Canada. It has been a good smuggling effort on the part of the government.

Actually, Mr. Speaker, there should have been an appropriation bill for that purpose; but no, this was done by means of an income tax amendment bill. I see nowhere in the bill the royal recommendation with regard to increasing borrowing authority. I shall look into this matter and I reserve the right to question the practice of the government in not complying with the requirement of the royal recommendation with regard to this increase in borrowing authority.

When one compares the ways and means motion with the one moved last March, one is struck by the attempt of the government to inject some sort of stimulus into the economy by means of a tax cut and in other ways, having seen that its budget proposals of March 31 had run into difficulties. I am sure the Minister of Finance (Mr. Chrétien) must have accumulated a file a couple of feet high, consisting of letters from supporters of the government as well as members of this House, protesting the proposal to tax as earned income payments made under insurance policies. That is to say, the minister was going to tax the earned surplus left after death benefits and premium contributions—

Mr. Chrétien: I have changed that.

Mr. Lambert (Edmonton West): Since the insurance companies themselves have not written to the minister, I am wondering whether this is merely a shuffling of the beans, whether it is part of a bean game, as was the case before. The minister must have made calculations as to whether this would result in an increase in government revenue or in a diminution of government revenue.

The original proposal, which was to eliminate taxation, as such, of insurance companies, or a portion thereof, under part XV of the act, and to transfer the burden of taxation to the beneficiaries as their policies matured, resulted in better cash flow for the insurance companies. I agree that taxing the profits of insurance companies on a multinational basis might somehow result in double taxation in that the government of Canada taxes as earned income proceeds from foreign-held policies. But what puzzles me is: What has been the change in the burden of taxation on life insurance companies as between the companies and their policyholders? Since a large number of Canadian insurance companies are mutual companies, we are taking money out of the right pocket instead of the left pocket.

If corporate revenues are taxed more, this will mean there is less money available to be added to the value of policies in the hands of participating policyholders. The shareholders of mutual insurance companies receive no profits because they are themselves the policyholders. The beauty of the insurance industry is that they are Canadians. The former minister of finance recognized the sterility and illogicality of his move to tax as earned income proceeds from insurance policies, insurance being a means of saving, and belatedly, after receiving representations and he and I having discussed the matter in committee, he came in with a threshold figure. This eliminated a good deal of the incidence of taxation of beneficiaries under insurance policies. This proposal has now been dropped, except that if one reads the minister's proposals regarding taxation of insurance companies—

Mr. Deputy Speaker: Order, please. It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills. Then at six o'clock the House will take into consideration the adjournment motion.

• (1702)

It being five o'clock, we will proceed to private members' hour. The first order is No. 2, but I have been advised there was some understanding and agreement among members that, by unanimous consent, motions Nos. 2 to 9 would be stood, and the House would proceed with motion No. 10 appearing in the name of the hon. member for Edmonton West (Mr. Lambert).

[*Translation*]

Is the House ready, as suggested to the Chair, to defer the study of motions Nos. 2 to 9 and proceed immediately with motion No. 10 in the name of the hon. member for Edmonton West (Mr. Lambert)?

Some hon. Members: Agreed.

[*English*]

Mr. Herbert: Mr. Speaker, I have risen before on this subject. The rules of the House state that all items standing on the orders of the day shall be taken up according to precedent assigned to each order of the day. This is the second time in this session of parliament that motions have been called, and it is my understanding that if certain motions are to be stood, it is being done possibly in accordance with Standing Order 19(1).

However, I should like to draw to the attention of the Chair Standing Order 49(1), which states clearly that when a private member's notice of motion shall be called by the Chair twice and not proceeded with, it shall be dropped. This is the second time notices of motions Nos. 2, 3, 4 and 5 have been called from the chair. I would request that the next time the motions are called, presumably next week, there be clarification from the Chair of the apparent discrepancy between Standing Order 19(1) and Standing Order 49(1), so that members will know whether we are to follow the order as it appears on the order paper or whether there is to be some other agreement of which we are not aware which would not enable us to prepare for a particular motion to be brought up at the time.

Mr. Deputy Speaker: Order, please. The hon. member will have noticed, of course, that the Chair took it upon itself to refer to unanimous consent that had been brought to the Chair's attention. Normally, I think this initiative should have come from the President of the Privy Council (Mr. MacEachen), his parliamentary secretary, or the Acting President of the Privy Council. These agreements are made between the parties, and I think the Chair should stay out of them.

Perhaps the hon. member is raising a valid point, in the sense that if House leaders cannot agree on organizing the work of the House, they should not expect the Chair to do the job for them. At the same time, the Chair would have no alternative, then, but to call the orders one by one. The hon. member will admit that when the notices of motions to which he has referred are called, they are stood at the request of the government. Thus, according to Standing Order 19, they retain their place.

At the same time, unanimous consent was given. If the hon. member does not wish to give unanimous consent at this time, my interpretation of the rules would be that these notices of motions would be considered as having been called once, and that the next time they are called, if not proceeded with they will disappear from the order paper unless there is a specific request from the government that they stand.

[*Translation*]

Mr. Pinard: Mr. Speaker, that is correct. There is this specific request by the government to stand the other motions and keep them on the order paper until they are called again.

[*English*]

Mr. Reid: Mr. Speaker, I just want to point out that these items come up during private members' hour. Whether a notice of motion is called depends, really, on the wish of the member who has placed the notice on the order paper. It is not for the government to say whether a member should bring forward a notice of motion or a bill. What the government does in this case is facilitate arrangements, which private members have made. The procedure, really, is one of finding out whether members are prepared to proceed with their

motions at any given point in time. The government facilitates that procedure.

What the hon. member for Vaudreuil (Mr. Herbert) is trying to do is attack the role of private members to determine when the pieces of legislation they have proposed shall be brought before the House of Commons. While it may be something which irritates the hon. member, for many private members it is very important that they have some right to choose the time they want to bring forward a particular piece of legislation or a notice of motion. It would seem to me that any step by the Chair that forced members of parliament to bring their motions before the House when the Chair or the hon. member for Vaudreuil chose would indeed be a retrograde step.

All we really want to do is give members the opportunity to place their ideas before the House in the form of motions or private legislative items, allowing them to choose the time when those items should be brought forward. Let me point out to Your Honour that even though the orders of the day lists a whole series of things in numerical order, under government orders they are only brought forward when the government chooses to bring them forward after consultation. I would urge upon Your Honour to take into account the wishes of private members as a whole.

Mr. Deputy Speaker: Does the hon. member wish to rise on this particular point of order?

Mr. Lambert (Edmonton West): No, Mr. Speaker, I wish to proceed with my motion.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I, too, would like to see the debate on the motion proceed. Therefore, I will be very brief. First, I should like to join in the view Your Honour expresses, namely, that motions 2, 3, 4 and 5 are really being called today for the first time in terms of the Standing Orders. When they were called previously, they were allowed to stand both at the request of the government and by unanimous consent. There is no problem there. Motions 7, 8 and 9 are, of course, being called for the first time on any account.

The point I want to make to the hon. member for Vaudreuil (Mr. Herbert) is, as the hon. member for Kenora-Rainy River (Mr. Reid) has said, this involves a matter of convenience to hon. members and there should not be any objection by the hon. member for Vaudreuil unless somebody is abusing something, such as trying to squeeze somebody out of order or play some other kind of trick. In that case he should complain. However, if it is just a matter of convenience which has been agreed upon in advance, I think the hon. member should go along with it.

Mr. Herbert: Mr. Speaker, I, too, wish to be brief because I would like to see the debate proceed. I merely suggest that when the motions are brought forward again, presumably next week, Your Honour makes a ruling in relation to Standing Order 49(1).

[Mr. Reid.]

Mr. Cafik: Mr. Speaker, now that the question has been raised in such a way that it calls or asks for a ruling by the Chair, I think it should be fully understood that Standing Order 49(1) and Standing Order 19(1) are not in contradiction. There is really no discrepancy between the two. They can both be followed at exactly the same time. Standing Order 19(1) takes into account the situation where there was not a request by the government to stand a motion when it was called. In that case, It is quite clear that when it has been called twice it should disappear from the order paper. Standing Order 19(1) provides, also, that when the government has in fact made a request that a motion be set aside, it shall not be taken up but shall retain its rightful position. I do not see any discrepancy between the Standing Orders.

It may be there is a problem in terms of the government formally making a request to allow a motion to stand and retain its rightful place. In my role as the acting government House leader—or some other acting House leader—perhaps there should be a formal request, so that we will all know exactly what position a motion is in.

Mr. Deputy Speaker: Order, please. As far as the Chair is concerned, there is not much difficulty in making a ruling on the request by the hon. member for Vaudreuil (Mr. Herbert). I think he would have great difficulty in making his position stand, unless he forgets Standing Order 19(1) which provides for the government's right to request that a private member's motion be stood.

● (1712)

I agree with the point raised by the hon. member for Kenora-Rainy River (Mr. Reid) as to the validity of this procedure which facilitates the workings of the House particularly in private members' hour. It gives members a chance to be present and, at the same time, to prepare their interventions; and perhaps that facilitates the debate.

At the same time, the Chair has to abide by the Standing Order. It is not the responsibility of the Chair to beg the government, as it sometimes has to do, to agree to the motion being stood at the request of the government. This is the complaint of the Chair at this time and I take advantage of the point of order raised by the hon. member for Vaudreuil to bring it to the attention of the government and the representative of the government.

The parliamentary secretary has already indicated that it is at the request of the government that motions Nos. 2 to 9 be stood, which is the right of the government. Therefore, I think we should proceed with motion No. 10 standing in the name of the hon. member for Edmonton West (Mr. Lambert).

PRIVATE MEMBERS' MOTIONS

[*English*]

HEALTH AND WELFARE

SUGGESTED EXTENSION OF AGE OF COMPULSORY RETIREMENT

Hon. Marcel Lambert (Edmonton West) moved:

That, in the opinion of this House, the government should consider the advisability of enacting legislative proposals to raise the compulsory retirement age from 65 to 70 for any person aged 65 or more who does not so wish to retire and is prepared to give up his/her entitlements to any private pension plan or annuity.

He said: Mr. Speaker, I hope no persons over the age of 65 have died in the interval and that we will not prejudice the purpose of this motion. Briefly, I do not claim that I am the first to speak on this matter; I know in the other place there is a motion or some procedure related to it.

I am sure all hon. members have received, at one time or another, correspondence from constituents objecting to mandatory retirement at the age of 65. Over the years we have seen a population growing older, but in better condition. There are many instances where we have been amazed at men and women aged 65 being put out to pasture compulsorily. Retirement at age 65 is a legend from the make work philosophy of the depression years that has continued too long as an anachronism.

We cannot afford to lose the expertise, the physical strength and the productive capabilities of men and women aged 65 or more who are able to carry on their employment. Population studies in this country indicate that there has been a drastic reduction in the number of Canadian children being born, and that before too long we will face a domestically generated manpower crisis within this country. In part, my motion will take steps to alleviate that danger and to best utilize the capabilities in this country on a voluntary basis.

My motion does not refer to forcing people to work beyond 65. It does not penalize them, if they work, from drawing old age security benefits for which they have contributed. It is agreed that old age security will start at age 65, but it is not at the support level; it is part of the income that a person 65 or more receives from a variety of sources. Much of the post-65 support comes from subsidized housing in senior citizens' homes, dental care programs, programs for glasses and programs for additional drugs. It varies for persons over 65. Persons over the age of 65 have guaranteed income supplements available to them, income from private pensions and from one source or another.

It would be a form of national lunacy if this country did not say to people aged 65 or more that they must retire from certain occupations. Compulsory retirement at age 65 is rigidly adhered to in the public service and in a number of industrial concerns. In fact, it is compulsory under the Canada Pension Plan. Also, under the unemployment insurance plan there are discouragements or deterrents to persons working over the age of 70 because they cannot be insured under that plan. I do not think that is the answer to the employment problem. What we have here is the question of utilizing the capabilities of Canadians who, having reached the age of 65, are still able and willing to contribute. They can make that decision.

I should like to refer hon. members to a bill recently passed in the House of Representatives in Washington. It has also been the subject of discussion in the United States Senate. I am referring to Bill HR-5383, to which reference is made in the Congressional Record of the House of Representatives under the date September 13, 1977. It is a piece of legislation amending a five-year old bill. It is entitled Age Discrimination and Employment Act Amendments, 1977. Earlier this year the House of Commons passed a bill on human rights indicating that there shall not be discrimination by reason of age, which I am afraid is observed more in the breach than in compliance with it. Compulsory retirement at the age of 65 is contained in the immigration regulations.

I should like to return to the United States legislation to which I referred a moment ago. There was some controversy about it and I cannot say that there was unanimity between the United States Senate and the House of Representatives.

● (1722)

It is not my purpose this afternoon to convince my colleagues that they should adopt the motion. This is the first time this subject has really hit the floor of the House for discussion. I want to initiate discussion among hon. members in order to examine this question in depth. It would be my hope that, rather than talking out this motion—which is the usual way—and having it go to the bottom of the list, our colleagues across the way on the government side would agree that at the adjournment time a motion be made that the subject matter of this motion and of related matters be referred to the appropriate House committee—it could be the committee on health and welfare—for public hearings and to receive representations.

I do not want to cram this idea down anyone's throat because I think it is a worthy idea but, on the other hand, there may be some points that organized labour might find difficult to accept with regard to this type of legislation. There might be difficulties from an industrial point of view, or from those organizations which provide pension plans. But, if I may say so, if it can be done in the United States, I think it can be done here in Canada. Let us consider the following:

The ADEA of 1967 was designed to promote employment of older persons based on their ability to perform in the job rather than on age and to prohibit arbitrary age discrimination in employment. The current act extends coverage to individuals who are at least 40 years of age but less than 65. The upper age limit of 65 was selected because it was a customary retirement age—

I would say it is one that grew out of a depression mentality.

—and the age at which many public and private pension benefits became payable rather than by any scientific objective standard. In 1974, protection to state, local and federal employees was added.

I am citing the proposer of the bill, Congressman Hawkins, who said the following:

Mr. Chairman, I believe the time has come to amend the age discrimination in employment act to take the essential first step toward eliminating mandatory

retirement on the basis of age and to clarify the exemption for bona fide retirement and pension plans in the current law.

During the ninety-fifth congress several of my colleagues authored legislation which I co-sponsored, in an effort to accomplish this goal. The legislation before us today is a culmination of those efforts.

As a result of studies by the subcommittee on employment opportunities and the committee on education and labour, an effort has been made to eliminate age as the sole criteria for hiring, firing, promotion or involuntary retirement. The congressman went on to say:

The major provisions included in H. R. 5383 are:

First, the upper age limit protected under the act for non-federal employees is extended from the current level of 65 years of age to 70 years of age 180 days after enactment.

Second, the upper age protection for federal employees is lifted entirely; and

Third, the exemption for bona fide retirement and pension plans under current law is clarified to prohibit involuntary retirement at an age less than the protected age under the act.

I do not want to go into further detail, because of the time requirement and because I think a number of my colleagues will want to speak on this matter.

Briefly, and in résumé, my proposal is that the question of mandatory retirement at age 65 be the subject matter of inquiry by the appropriate committee of the House, with a view to lifting that mandatory age completely as being, first of all, not in the national interest with regard to utilization of the capabilities of Canadian residents and, secondly, that it is, in effect, an abuse and an offence, at least in spirit, of our human rights' legislation both at the federal level and the provincial level. We can provide examples to show that there is no mandatory retirement age in the House of Commons unless one is defeated. A number of members very effectively carry out their duties and they are over the age of 65.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): Why should John Smith, working in the public service of Canada, the public service of Ontario or the city of Ottawa, be told that at the age of 65 he must stop work, but his brother, Adam Smith, a member of the House of Commons, may continue and render good service? There is discrimination between those two persons, and it seems to me that now is the convenient time to initiate studies by members of the House, either in a subcommittee of the Standing Committee on Health, Welfare and Social Affairs or in the committee itself, and investigate this matter. It might consult public bodies with regard to the question and report back to the House. In essence, the government could consider those as proposals which would do away with mandatory retirement age at 65.

Mind you, anybody who wishes to retire under a private or public plan at age 65 should not have to suffer any penalty. Such a person should be able to exercise his or her right; and if there are entitlements to retirement at the age of 60, then, of course, actuarial and financial provisions should be made for that. However, what I am saying is that we should eliminate mandatory retirement at age 65.

[Mr. Lambert (Edmonton West).]

Mr. Ralph Stewart (Cochrane): Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) is to be commended for focusing the attention of the House on the sometimes precarious situation facing the ever-expanding number of Canadians now in their 60s who, because of the dramatic life-saving advances in medicine and technology in recent years, can look forward with confidence to a considerably longer lifespan than previous generations could anticipate.

I am not talking just of a longer life, but also of a healthier and potentially more productive one. I had a good example of this in the last few days in my constituency office. A gentleman came to see me. He had been in touch with me in the past, and had retired at the age of 66 from the Canadian forces base at Lowther, near Kapuskasing, where he had been granted an optional extra year because there was no one else to take his place. But now this year, when he is 66 and they have someone else to fill his job, he is obliged to leave. Of course, this is very sad, particularly because this individual happens to be a very young 66; he is vigorous and capable and has a great deal to offer.

● (1732)

It can be a very tough problem. Of course there are other arguments, and I know this as do other hon. members, that mitigate against keeping people for a long time.

In view of the furor south of the border which *Time* magazine calls "the revolt of the old", I am not surprised to hear motions similar to that moved by the hon. member for Edmonton West. What is disappointing in the motion is the assumption that the Government of Canada has imposed a universal, compulsory retirement age of 65 in legislation. Let me read a portion of the motion, as follows:

—the government should consider the advisability of enacting legislative proposals to raise the compulsory retirement age from 65 . . .

I want to emphasize that the federal government has never enacted legislation to force all active, able-bodied Canadians to leave the work force at age 65. Dr. Selye, who is a world authority on the body's physiological response to stress, and who is a Companion of the Order of Canada, has made some very pertinent observations on retirement on the basis of 40 years of observation. He has remarked:

. . . for many older people, the most difficult aspect of retirement to bear is the feeling of being useless . . . The continuous leisure of enforced retirement is certainly not an attractive way of life.

To suggest that Canadian statutes currently impose mandatory retirement on each and every citizen who reaches 65 years of age is simply incorrect. If such were in fact the case, the courts of this country would be overflowing with the estimated 188,000 Canadian men and women, 65 or older who, according to Statistics Canada, were employed in September, 1977. In fact during that same month the participation rate for Canadian men aged 65 to 69 years of age, that is, the labour force in that group expressed as a percentage of the population for that group, was estimated to be 26.7 per cent. I said earlier that 188,000 Canadians 65 years of age and over were calculated to have been employed in the labour force in Septem-

ber, 1977. This figure can be classified further into two additional groups. Of these estimated 188,000 workers, 124,000 were 65 to 69 years of age, and 64,000 were 70 years of age and over.

If the motion of the member for Edmonton West were to be taken literally, these 64,000 Canadians would be tossed from their positions and legally forced to remove their experience and expertise from the labour market. Sixty-four thousand Canadians would find themselves ostracized from the work force simply because they were 70 and not 69. I do not think any member can honestly expect this or any government to take this kind of step. I do not think the hon. member for Edmonton West intended that such steps be taken; in fact I am sure it was not his intention.

Many of civilization's most significant contributions in the diverse fields of science, art, music, literature, law, philosophy, even in the realm of politics, were made by men and women who were leading productive lives long after age 70. Illustrious names such as Einstein, Galileo, Michelangelo, Goya, Picasso, Verdi, Voltaire, Socrates, Plato, Kant, Confucius, Queen Victoria, and Winston Churchill form a far from totally inclusive list. In fact hon. members need search no further than the confines of this Chamber to appreciate that the ability to make important contributions to society does not cease automatically once a person celebrates a birthday. We cannot afford callously to toss aside the resources, the rich vein of experience, knowledge and expertise to be mined from the most senior strata of our population.

Certainly we could not contest the assertion that, for some Canadians, to work beyond 65 years of age is the healthiest thing they can do not only for their own well-being, but also for the social and economic health of this nation. But is that the case for all Canadians? Do we all want to spend the twilight years of our lives toiling on a production line, drilling in a mine, or sitting behind a desk? I think not. After all, for many Canadians retirement is the culmination of a fruitful career, a fulfilling segment of life when time-consuming interests can be pursued. For others, it means simply that they can take a long awaited rest from their labours, in relative financial security. If it were ever possible for the Government of Canada to enact legislation such as the hon. member for Edmonton West has proposed, I fear it could well prove to be to the detriment of the needs and dreams of a vast segment of our population.

In this regard, I can appreciate that considerable attention of late has been focused on the United States' movement to enact such legislation. However, while it may be commendable to clamber aboard the United State's bandwagon on many issues, it is not clear that it would be appropriate in this case. The Canadian government has a limited mandate in this social area. I think that is the nub of the problem.

Much of the constitutional authority on the subject of pensions rests with the provinces. Hon. members will recall that the enactment of, first, the Old Age Security Act, and later the Canada Pension Plan, necessitated amendments to the British North America Act to grant the federal government sufficient constitutional authority to proceed with the establishment of these programs. In the field of private pension plans the federal government has jurisdiction over only the limited number covering certain types of federally-regulated employment. The majority of private pension plans in Canada fall under provincial jurisdiction.

I am quite concerned that Canadians might be led to believe that the federal government has somehow instituted a compulsory retirement age through our two national pension schemes. What must be underlined is that neither the Canada Pension Plan nor the old age security program imposes a compulsory retirement age on Canadians. The limits which both these programs contain are simply provisions setting a minimum age of 65 for receipt of retirement pensions. That point is clearly made by the hon. member for Edmonton West. I appreciate that.

Here, perhaps, is the root of the confusion. The government plans allow payment of benefits as early as age 65. For a variety of reasons, employers across the country have followed the pattern and instituted normal retirement ages of 65 for purposes of their pension plans as well. I should like to stress the word "normal" because many, perhaps even a majority of Canadian pension plans contain provisions which explicitly permit the deferment of a member's retirement date. In other words, even in the private sector the mechanism is flexible enough that retirement at age 65 is not a hard and fast rule. Of course it cannot be ignored that the private pension plan can be used as a rationale for retiring employees at 65. However, it should also be remembered that, for most private plans, the pension contract is subject to collective bargaining. Thus, employee representatives must share the responsibility for establishing a retirement date in these cases.

I have stated that both the Canada Pension Plan and the old age security program provide for the payment of benefits when the applicant reaches age 65. This was not, of course, always the case. Many members will remember that the decision to reduce to 65 the age for payment of these benefits received widespread acclaim. Also, it was not so very long ago when the Canada Pension Plan applied retirement and earnings tests to Canadians between the ages of 65 and 69 who were in receipt of retirement pensions. Under these tests, a Canadian who continued to work beyond age 65, for example, could not receive any benefits, while even those who had retired were subject to a test reducing their Canada Pension Plan retirement pension by half of all earned income on a specified salary band.

The rationale for these tests was the idea that a Canada Pension Plan retirement pension should be paid only to those who were truly retired. Parallels were drawn with the private pension field, where there is an implicit retirement requirement in the sense that an individual cannot be in receipt of a retirement pension from his employer's pension plan and simultaneously work for the same employer. Thus, at the time the plan was being designed it was decided to provide a pension on retirement rather than an annuity payable automatically at a prescribed age, such as the old age security

benefit. The retirement pension was intended to provide a partial replacement of earnings lost due to retirement.

● (1742)

However, as time went on the rationale underlying the retirement and earnings tests was continually questioned and criticized. After all, why should an individual's retirement pension be reduced as a result of earnings received after retirement when the Canada Pension Plan retirement benefit is, in fact, an earned pension paid entirely from the contributions of Canadian workers and their employers? Clearly, the earnings test served as a deterrent even to part-time employment. It was argued that the decision on whether or not to remain in employment or to seek work after retirement ought to be the free choice of the individual, rather than being curtailed through artificial mechanisms such as retirement and earnings tests. For these reasons the retirement and earnings tests were removed under the authority of Chapter 4 of the Statutes of Canada for 1974-75.

Now a contributor can draw his Canada Pension Plan benefit at age 65 even if he continues to work. Moreover, he can decide not to draw his retirement pension at that age but continue to contribute for additional years, up to age 70, in order to increase the size of his benefit.

Clearly, then, while relaxing the conditions facing the Canada Pension Plan pensioners who choose to work, the amendment to the Canada Pension Plan did not in any way impose a mandatory retirement age of 65 on the Canadian public. On the contrary, by removing financial penalties it served to encourage those aged 65 to 69 to remain in the active work force. I might add parenthetically that only this year the Quebec Pension Plan followed the example of the Canada Pension Plan with respect to the earnings and retirement tests.

What about the old age security program? Universal old age security pensions began in January, 1952, and provided a universal benefit to every person in Canada aged 70 or over who met the residence requirements. Whether or not the person was employed did not enter the picture then, nor does it now.

Over the years successive amendments to the legislation have increased the level of benefits, lowered the age of eligibility, and relaxed the residence requirements. The Canada Pension Plan which, as we all know, went into operation in January of 1966, provided an additional earnings related retirement pension for all who contributed. When the Canada Pension Plan was passed, amendments were made to lower the pension age under the Old Age Security Act as well as the Canada Pension Plan. It was reduced one year at a time—and we all know that story—until finally, in 1970, the pensionable age under the old age security program had been lowered to 65 years. However, even with the lowered pensionable age an individual need not cease working to receive old age security benefits. This does not enter into the determination of his eligibility.

For these reasons it would be utterly incorrect to imply that the Canada Pension Plan or the old age security program compel Canadian men and women to quit the work force when they are willing to continue working. On the contrary, these two government-administered programs give concrete financial support to those Canadians who exercise their right to work.

[Mr. Stewart (Cochrane).]

It cannot be denied that, for some, Benjamin Franklin's famous aphorism, "There is nothing wrong with retirement as long as one doesn't allow it to interfere with one's work", is fraught with truth.

Let me expound for a moment on the long-term implications of various retirement trends that are predicted to spread across this country. It has become clear that there are problems associated with early retirement. It does not take a mathematical wizard to reach the conclusion that the younger the age at retirement—and hence the longer the expectation of life thereafter—the more severe is the impact of inflation. Too many pensioners have discovered too late that they retired too early. The adverse effect of early retirement in an inflationary environment can destroy a life-time dream of a leisurely and rewarding retirement. It is for this reason that the Canada Pension Plan and old age security benefits are indexed to the cost of living.

In addition, if the predilection for an even lower retirement age gains widespread popularity, some experts foresee fiscal difficulties for the next generation of Canadians as the tidal wave of the so-called baby boom causes a flood of people to reach pensionable age at the same time. Within the lifetime of those Canadians the ratio of pensioners will double. This may result in a reversal of the current trend toward early retirement. However, there is no reason to expect that we will ever have to force people to work to a minimum age or force them to retire at some maximum age.

Hon. members must not lose sight of the fact that retirement itself is a social institution. When presented with a motion such as the one we have before us today we must first question the validity of a full cessation of work as a desirable end in itself. Even if it were within the constitutional realm of this House to do so, I cannot help but ponder aloud whether, as elected representatives of the people of this nation, we could in all good faith seek to impose legally such constraints upon the work force.

Secondly, we must weigh very carefully the import of giving any serious consideration to a proposal which could be construed as endorsing age 70 as an appropriate, normal retirement age. We must not inflict the hardship of prolonged working careers upon those Canadians who, quite rightly, feel that at age 65 they have contributed their just share to the well-being of our country and who wish to be free to spend their remaining days as their own masters.

Ideally one's later years will be years of self-realization, creativity, stimulation, development, growth and self-respect. A motion such as the one we have before us today will bring us no closer to assisting Canadians to attain this objective. It might, however, impede us and them.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, first I should like to congratulate the hon. member for Edmon-

ton West (Mr. Lambert) for raising the matter of retirement in this House. I should point out to the hon. member that I will stop shortly before six o'clock in order to give this House an opportunity to refer this matter to a committee. I do not want to be the one to talk it out.

I disagree with the position taken by the hon. member for Edmonton West; not that I always have or always will. In the past I think I would have been very sympathetic to the proposal he put before us today, and I think that perhaps at some time in the future I might be. For the moment, however, I see our problem in a different light.

I suspect that we are going into a society which, despite the best efforts of governments to improve the situation in terms of employment—a great deal of improvement can take place at this time—there are not going to be enough good jobs to go around. This is true not just in Canada; it is true in the western world. We are facing a phenomenon in which, despite the growth of western economies, and despite the large number of highly educated people coming out of our school systems, the number of good jobs is becoming smaller and smaller.

We have a choice. We can keep those who are holding the good jobs in those good jobs longer, while we keep young people in school for a longer period of time or pay them unemployment insurance or give them jobs inadequate to their talent, or we can recognize what is happening to our civilization and try to do something about it.

In my experience, there seem to be two kinds of people working past the age of 65 or, for that matter, past the age of 60. There are those like ourselves, judges, executives and self-employed professionals who have very good jobs. They like their jobs. Their jobs are their hobbies, their entertainment. Their jobs are everything to them. They live and breathe their jobs. That is fine, because they are very exciting jobs to have. There are many problems associated with them, there is insecurity perhaps, but nevertheless they are exciting jobs, and these people are very reluctant to give up those good jobs regardless of their age. It is quite true that many people in these good jobs can function extremely well, well past the age of 65. Perhaps they can function even better after the age of 65.

However, there is another very large group of people who are working past the age of 65, not because they want to work and not because they have good jobs but simply because our pension schemes are inadequate, and they have to work.

● (1752)

When I go to my constituency, and I am sure this is the experience of other members, it is seldom that someone comes to me and says that we must raise the age of retirement to 70 or 75 because that person does not want to stop work. What I do get is people saying that it does not make much sense for them to slug it out in a factory until they are 65 when there are almost one million unemployed, half of them young people, who would like to work. "Why is there not a pension arrangement whereby people like myself could retire at age 63, 62 or 61? It would open up these jobs for younger people who want them," they say, rather than having them live through a kind of debilitating unemployment. Some young people face almost a permanent state of unemployment as a result of what is happening in our society.

I say to the hon. member for Edmonton West, and I say it critically, that his sentiments do him justice. However, in light of what is happening in our society, is this the appropriate time to do it?

The question being put to this House to consider is important and should be debated. I hope the consequence of the debate will not be to raise the age of retirement. Rather, I hope it will be to increase the pension arrangement for people who want to retire because there are more of them than those who want to hang on to their jobs.

I know people who want to hang on to their jobs. They are the ones who have it made. They have seniority. They have mastered their work so they can almost do it with one hand tied behind their backs. They like the social benefits, the emoluments that come with the job. Because they are senior people they are looked up to, and they command a fair amount of respect. However, that is hardly a job.

However, the auto worker in a factory, slugging it out day after day tightening a nut, can hardly wait to retire at age 50. The same is true of the coke-oven worker, the miner, or the person operating a sewing machine. Those are difficult grinding jobs, as are most jobs in this world.

To advance a proposal that is really attractive to a minute section of our population under the guise of civil liberties or the freedom or right of the individual to do as he pleases, while our society has a serious social problem and economic dislocation, is not the correct way of going about it. If this House wants to do something about correcting a grave inequity in our society, it should lower the age of retirement for women to 60.

An hon. Member: Men also.

Mr. Saltsman: Men later. Women's lib will not like it because in this area they have done a terrible disservice to the women of this country. Unfortunately, women have had some of the most rotten, lowest paying jobs. They are ready for retirement at 60. I guess we dare not talk about that because if men are not ready to retire at 60, then women should not retire at 60.

If the public were ever asked to give its opinion on this, I think it would be found that lowering the age of retirement to 60 for women, and for men progressively later, would be very much what people want. Certainly it would be good for our economy.

We really have one of three choices. We can go on having people work past the stage where they really want to work. That is what most people are doing. Most people work not because they are crazy about their jobs but because they cannot afford to quit. Our pension provisions are not adequate. If a working man wants to quit and his wife is not in receipt of the old age pension, even with the kind of supplementary arrangements that exist, it is still not sufficient.

Mrs. Pigott: Some of you men are old at 35.

Mr. Saltsman: Of course some men are old at 35, and some people are as young as the hon. lady at 27. One of the difficulties with an argument of this type is that if you talk about society generally, making over-all rules, you are bound to find examples of injustice in a particular case.

Somebody might say that if we had forced Einstein to retire at 65 or Madam Curie at 60, it would have been a terrible thing. Even if they had been forced to retire, their brains would not have retired. They would have kept on working. Therefore it is not much of an argument.

There is a great deal more I should like to say, but time is running out. I say to the hon. member for Edmonton West, through you, Mr. Speaker, that the motion is important and worthy. It should go to committee and it should get an opinion from the House. Therefore, I will resume my seat. I sincerely hope it will not be talked out but will find its way to the committee.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, first I would like to congratulate the hon. member for Edmonton West (Mr. Lambert) for having finally understood that for a long—may I call it six o'clock?

Some hon. Members: It is not six o'clock yet.

Mr. Allard: There are only a few minutes left. I would like to congratulate the hon. member and others for having finally realized that for a long time we have been asking for such legislation to lower the pension eligibility age to 60. We do not want to make this compulsory, but we would like the worker who wishes to retire after many years of work to be able to do so. Of course, since these people have started working hard when they were 12 or 15, like the member of the New Democratic Party said earlier, when they reach 60 they have contributed at least 40 years of hard work to society, earning barely sufficient wages and trying to raise their families in spite of their hardships. Therefore, it would be quite natural for those people to take it easy finally and to be able to retire at 60.

The hon. member for Waterloo-Cambridge (Mr. Saltsman) said that women should be able to retire at 60, and I agree, but why should we discriminate? Men have the same needs as women and they should also be eligible for retirement at 60.

As I said earlier, for many years, we of the Social Credit Party have been asking that the pension eligibility age be lowered to 60 and that the amount of pensions be substantially increased. After a hard struggle, we have finally obtained that the basic old age pension be increased to $150 or $149, I believe. Mr. Speaker, in my opinion we can never do too much for those people who have worked hard for many years, and I very humbly submit that the pension eligibility age should be lowered to 60 on an optional basis, that is the individual concerned should be able to decide. If he wants or needs to keep on working, he should be able to do so. Sometimes it may not be through love of work but because he has obligations. There are many people of 60 who still have children in school and they cannot afford to retire. This is why it should be up to the worker.

Mr. Deputy Speaker: Order, please. The private members' hour has now expired.

[*English*]

Mr. Lambert (Edmonton West): On a point of order, Mr. Speaker, I find this a little difficult, and I suppose there is this difficulty any time one has something to which hon. members would like to contribute and on which we would like a general disposition. However, private members' hour lost 15 minutes on what I considered a rather sterile debate on a point of order.

Mr. Deputy Speaker: Order, please. The Chair has to apply the rule. One hour is allocated for private members' business and it has now expired.

● (1802)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PERFORMING ARTS—DATE OF ANNOUNCEMENT OF POLICY ON FEATURE FILMS—PROTECTION OF CANADIAN INTERESTS

Mr. David MacDonald (Egmont): Mr. Speaker, a few days ago I questioned the Secretary of State (Mr. Roberts) with respect to when we might expect a new film policy which would deal effectively with the difficulties which have been encountered for many years in terms of ensuring an adequate distribution system for Canadian films as well as a reasonable return for Canadian producers. I must say the minister's answer to my question the other day was not an encouraging one.

It was 12 years ago, on April 5, that we read in the Speech from the Throne:

> You will be asked to consider . . . a measure to help the development of a feature film industry in Canada.

Since that time, with the exception of the formation of the Canadian Feature Film Production Corporation, which took place in 1967-68, there has been no reason to be over-confident with regard to the amount of support that the Canadian government has given to the development of this new industry. I want to be fair and recognize that the establishment of the Feature Film Development Corporation was a major initiative and that, without it, I doubt whether we would have seen the kind of film production which has taken place—I have in mind particularly the period immediately after its formation. But as

I said at the time, and as I have been saying since, over the past decade, just having a government agency which assists in some way in the production of scripts and the provision of a certain amount of capital will not ensure the establishment of a nationally-developed feature film industry.

After almost ten years of the existence of the CFDC, the production of some 200 Canadian films, and the expenditure of about $20 million in public funds, we are faced with the fact that roughly 96 per cent of screen time in this country is dominated by foreign films. This means, of course, a much higher percentage in English-speaking Canada, probably closer to 98 per cent; the figure is less in French-speaking Canada. Around $250 million is spent by Canadians annually to see feature films and a large part of that sum is, of course, exported to the United States—something like $63 million in profits.

At the time the CFDC was set up, Canada was the sixth largest market for American productions, but since that time we have risen to become the largest foreign market for Hollywood. That is a depressing comment on the state of our own feature film industry. Last year the two major television networks, CBC and CTV, showed a certain number of Canadian films. The publicly-owned network, the CBC, showed four, and CTV showed five. For those who wish to argue that the private network is assuming a greater responsibility toward Canadian production than the public network, it is time to wave a flag. It is certainly a sorry statistic, a sorry admission for the CBC that it took so little responsibility with respect to the Canadian feature film industry.

In a recent article in the magazine *Canadian Forum,* Sandra Gathercole of the Council of Canadian Film Makers, writes:

> The central fact of film production in Canada is that it is disconnected from its own market, and does not benefit from the enormous revenues generated by that market.

No less than 93 per cent of film rentals in Canada flow to seven American distributors, representing an annual outflow across the border of around $63 million. Think of the number of lost jobs, the loss of income to the Canadian economy, let alone the tremendous loss of opportunity for cultural communication.

● (1807)

As a matter of fact, American films have had for many decades a guaranteed access to Canadian screens through the two principal chains, Odeon and Famous Players, a functional quota vastly more effective than the weak voluntary arrangement worked out for Canadian films. In a television production, I think last year, called "The Great Canadian Culture Hunt", George Destounis, the president of Famous Players, made this comment:

> It's been an historical fact that ... major distributors align themselves with either one circuit or the other. People like Paramount, Warners and United Artists will play one hundred per cent Famous, and people like Columbia, and two thirds Universal, and one third Fox would play Odeon ... It was agreed, I understand, (in the) early forties how the breakdown (worked) when Odeon was first formed.

If there is one area where there seems to be almost total control of the Canadian cultural system by foreign producers and foreign companies, it surcly must be in the Canadian feature film industry. Indeed the CFDC, in its annual report published recently, acknowledged as much concerning the supposedly voluntary quota, which was vaunted by the previous secretary of state, for showing four weeks of Canadian films at regular theatres and one week at drive-ins. Neither Famous Players nor Odeon came even close to meeting their commitment. In the case of Odeon, less than 30 per cent either exceeded or even met the quota. In the case of Famous Players it was a bit better; the percentage was something like 42 per cent. Some 48 per cent of Famous Players theatres met less than one half the quota and 53 per cent of Odeon met less than one half the quota.

I think this is an indication that we are in a situation, to quote Sandra Gathercole again, where voluntary agreements have been about as successful as voluntary income tax. If we need a reminder from one of the ministers responsible for this matter, the Minister of Communications (Mrs. Sauvé), speaking to the CAB last year, said that unless we take direct action to enhance the production capability of Canadian broadcasters, Canadian broadcasting will also go the way of *The Saturday Evening Post.*

I think we have a major dilemma on our hands, Mr. Speaker. It is not enough for the Secretary of State to say that he hopes to have an answer by the end of the year. Surely the whole question of culture and communication is basic to our sense of identity and our national unity. If the Secretary of State is genuinely concerned, as he seemed to suggest the other day in answer to me, surely we should have a more concrete and effective answer from the government than the one I have received to date.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, once again I should like on behalf of the minister to indicate our thanks to the hon. member for raising an issue which does not receive that much light in the House. As the hon. member has said, the minister agreed with the hon. member that questions of distribution are indeed the key to a resolution of the problems the industry is facing. He indicated as well that the government is now considering proposals concerning which it hoped to make an announcement before the end of the year.

That the hon. member would argue that this in fact is not a sufficient response is indeed a bit of a puzzle, Mr. Speaker, unless one is to argue that what the hon. member is saying is that the end of the year is not soon enough, that he wants something sooner, say today, or even yesterday. As I say, the minister is in fact committing himself to some kind of statement before the end of the year.

I stress the government's commitment to assist in whatever way it can the development of a Canadian film industry. I stress this general commitment because, in trying to resolve the many complex problems that arise in the film industry, the over-all objective is often forgotten, namely, the encouragement of the production of Canadian films because they are an

important means of cultural expression that can teach Canadians about themselves.

Without in any way limiting the access of Canadians to foreign films, we need also, and should have, films that are produced by Canadians which reflect the Canadian experience. The government finances feature film production directly through the Canadian Film Development Corporation and indirectly through the 100 per cent capital cost allowance, which encourages Canadian taxpayers to invest in Canadian films. In the 38 Canadian productions certified for 100 per cent capital allowance to date, 88 per cent of the key creative positions were filled by Canadians. Further, only individuals and corporations paying Canadian taxes can benefit from this incentive, and these people, to become eligible for the 100 per cent capital cost allowance, assume ownership and control of the film.

• (1812)

I am glad that the hon. member acknowledged the government's incentive in regard to the feature film industry and the feature film development corporation. He indicated that the government has responded in some manner; but it is unfortunate he feels that it has not been a reasonable response together with the government's movement toward a film policy.

There is no doubt that this incentive is encouraging the production of films which are financed and created by Canadians. In the area of distribution, the situation is far more serious. As the hon. member has stated, the major distribution and exhibition companies in this country are foreign-owned, and the profits they earn in Canada are not usually reinvested in ways that benefit our film industry. As the minister indicated to the hon. member at an earlier date, this is a situation which greatly concerns the government. The government is considering proposals to deal with this situation and hopes it will be in a position to make an announcement before the end of the year.

FINANCE—EFFECT ON JOBS OF TAX INCENTIVES TO CORPORATIONS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, on October 25 I raised a question with the Minister of Finance (Mr. Chrétien) concerning the income tax policy and job creation in industry. I should like to deal with that matter in more detail today, because I believe the minister did not answer my question fully enough.

I referred to the example of Northern Telecom, which is a subsidiary of Bell Canada. Under the budget announced last March, and subsequently introduced by the Minister of Finance under the general framework of the $1.2 billion in corporate tax concession to create jobs, Northern Telecom would receive approximately $3 million. At the same time as it is receiving this benefit, it has announced that it is laying off over 1,000 workers, mainly in Ontario and Quebec. Also I should like to draw to the minister's attention that Northern Telecom is not an isolated incident.

[Mr. Daudlin.]

The Alcan Company of Canada, under the same tax provisions, will receive an $11 million tax break. That company has announced already that it has laid off 400 workers in Newfoundland in favour of expanding an operation in Mexico. Of course the House is aware that INCO has received $10 million in tax concessions under this provision, and it has announced laying off over 3,500 workers while it expands its operations in Indonesia and Guatemala. The Noranda Company will receive approximately $5 million under tax concessions in the budget, and it has already laid off 400 employees, and the future of some 1,700 employees in the Gaspé region is in doubt.

The corporate tax incentives announced in the budget for the purpose of expansion in industry, thereby creating jobs, are not working. The minister had better come clean and admit this in order that $1.2 billion will not be wasted in concessions to large corporations when they are not fulfilling the intended purpose of those concessions, namely, to create jobs.

Why should any businessman in his right mind use these incentives at this time to expand his operation when, even with these incentives, he realizes that industry in this country is working only at approximately an 80 per cent capacity? Because demand is down, business cannot sell its total potential of goods produced. Therefore any kind of incentive along this line at this time, when demand is so low, will be ineffective.

The statistics bear me out on that. Since the announcement of these concessions, in manufacturing alone we have had over 34,000 lay-offs despite the so-called incentives which were to create and produce new jobs. These particular incentives are the wrong ones at the wrong time. That kind of money could be better spent in this economy.

• (1817)

I know the minister has advanced the argument that if we did not give this $1.2 billion to the corporations, the lay-offs could have been worse. We were not told this when the budget was first introduced. We were told that these incentives were necessary for expansion and new job creation, not to prevent the situation from getting worse. Also, it is very easy to make that kind of argument, that if we do not give these incentives, unemployment will be worse. I would like to know, if companies are claiming that, where is the guarantee on the part of the government that if it gives these kinds of tax breaks some condition must be attached to them?

If we are going to deprive the public Treasury of $1.2 billion in corporate taxes, some conditions should be attached to that kind of tax break. The minister has said that there is no scrutiny of the various industries to see that they are fulfilling the requirements or the promises that the minister announced in his budget.

The largest 1,000 corporations in this country have had more tax concessions than any other sector in our economy. I think immediately of the fact that they have been able to defer paying $9 billion in corporate income tax. That is like a $9 billion interest free loan. That, and the recent announcements in the budget, are the wrong kinds of programs in terms of

what we need for job creation. The result of all these kinds of tax breaks and concessions has been more lay-offs, more expansion by the multinationals outside of Canada, and the highest unemployment we have had since the depression.

I would argue that it would be far better to take that $1.2 billion and redirect it, in terms of personal income tax cuts to stimulate demand by low and middle income Canadians, and some of that largesse should go to small businesses which are starved for capital, which still employ 60 per cent of the people in this country, and which for far too long have been ignored by the Liberal government whenever it gives tax breaks to stimulate employment.

I am asking the minister will he please explain to me how this kind of program makes sense when all the statistics indicate we are getting lay-offs instead of job creation.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, as my minister replied to the hon. member on October 25, and again today during the question period, it is almost impossible to determine the long term benefits of any tax incentives by isolating one specific period of time. If the hon. member looked at past history he would recognize that the growth of jobs, which is the real solution to solving unemployment, has been the growth of employment in the private sector. If our private sector is to be competitive with its international competitors, tax incentives of this nature are imperative.

The hon. member talks about the capacity in the private sector here in Canada today. He must also consider that some of these incentives are not just to solve that situation but also for the modernization of equipment, again to maintain international competitiveness.

The extension of the investment tax credit proposed in the March 31 budget was one of a number of incentives announced at that time to stimulate business expansion and regional growth, to assist small business, and to encourage research and development. The beneficial impacts of such measures naturally take a little while to be fully felt. When they are, they will have a positive effect on economic growth and thereby on job creation. These measures, and the additional measures announced on October 20 by the Minister of Finance (Mr. Chrétien) in his economic and fiscal statement, are necessary to overcome Canada's short term economic difficulties and to set the stage for sustained growth in the private sector.

The government therefore attaches a high priority to the passage of legislation to implement the various measures—including the corporate tax incentives—so that their impact on the economy will not be any longer delayed than is absolutely necessary. These measures are necessary to restore business confidence, to maintain Canada's competitive position and to get the economy moving—in short, to get on with the job of providing jobs.

The hon. member for Sault Ste. Marie (Mr. Symes) indicated that we should be putting more emphasis on small business. If he looks at specific details of the economic measures announced by the Minister of Finance on October 20, and by his predecessor on March 31, he will see there are many stimuli to provide incentives for small business to expand.

GRAIN—WHEAT—REQUEST FOR CHANGE IN UTILITY GRADES

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I am happy to have the opportunity to debate a problem which affects my constituents and a good number of the wheat producers in the west. It is a recurrent problem that has come with the rain we have had, particularly in the northern prairies. Last week, in reply to my question, the Minister of Agriculture (Mr. Whelan) gave a crop and weather report but did not shed much light on this problem, perhaps due to its technical nature.

● (1822)

The problem of low grades of wheat and their eventual disposal is an economic and recurring one in western Canada, particularly in wet seasons which seem to occur every three or four years. The old grading system which was changed a few years ago had more grades of grain, and therefore when wheat was weathered and damaged it was easier to fit it into a fairer grade in order to give the producer a better return for what he actually produced. The introduction of the new grading system for hard red spring wheat has created problems at the lower end of the scale. I think perhaps the grading system is satisfactory at the top end of the scale. By and large the top three grades seem to be accepted with a differential of something like ten cents a bushel each between No. 1 Canada Red Spring and No. 2 and No. 3. However, there is a 50 cents differential per bushel between No. 3 Canadian Red Spring wheat and No. 3 utility which gives cause for great complaints and grumblings and, furthermore, it is extremely damaging to the growers who live in the Parkland areas. I believe that the present grading of wheat is really designed for the hard spring wheat areas of the southern prairies, mainly in Saskatchewan, and that the Wheat Board and the Grain Commission have not dealt fairly with this problem in the Parkland areas of the northern prairies which, in years such as this, have an abnormally large amount of low grade wheat.

To show the wide range of grading, for instance, an hon. member showed me two samples that a constituent had sent to him, one of which is very good looking wheat that weighed 61 pounds to the bushel. The other was a very poor sample weighing 38 pounds to the bushel. Both were graded No. 3 utility and the producer will receive payment for this grade. Considering the vast difference in quality between the two samples, it is obvious that the grading system is a mess. I believe that part of the problem is due, at least in practice, to the workings of the Board of Grain Commissioners whereby wheat with hardly any damage at all is relegated to this No. 3 utility grade.

I must suspect that the Canadian Wheat Board and the grain handling companies are not all that unsympathetic to this arrangement. In times of surplus of wheat, all of this No. 3 utility will likely move into feed channels. But there are

certainly occasions, and I think this year is one of them, where as much as 50 million to 100 million bushels of wheat might move into the milling trade, particularly if world supplies of wheat become low. Although the world wheat surplus is quite large, recent market reports indicate that the Russians are now in the market for larger quantities of wheat than was anticipated and that the price of wheat has risen about 50 cents per bushel in the past month or so. Whether they would be interested in this low grade wheat we have produced on the prairies this year I am not sure, but any large cut in the American surplus would allow our wheat to fill markets around the world. The American grain trade may well bring that country much higher wheat prices because of the coup of the Canadian Wheat Board last fall in selling most of its wheat at very low prices. Prices in the Chicago exchange are more than 50 per cent over what they were last fall.

Now, Mr. Speaker, this problem is not a partisan one. It affects to a varying degree, all farmers, regardless of their party, on occasion, and should be explored. Surely more effort might work out a more reasonable solution such as the possibility of introducing a grade between No. 3 utility and No. 3 CRSW. If it is in the interests of the economy of handling, that a large amount of wheat is relegated to one grade with widely varying qualities and values, then we should very carefully consider whether or not some adjustments should be made in this area. I would hope that the minister would look at the problem and have his experts carefully study the situation. It is certainly to our national advantage to develop the best possible system of identifying the varying qualities of our wheat, while at the same time bearing in mind the economics of selling, handling and moving this wheat. I believe that the problem has been looked at before and that results have been inconclusive. I understand also that some government machinery may be in motion to look at the situation.

I have entered this adjournment debate, in which I am not a frequent participant, in order to pinpoint the gravity of the situation for the wheat farmer in my constituency as well as the many other farmers in the three prairie provinces that are affected this year.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): It gives me pleasure to answer the question put by the member for Dauphin on the 26th of October 1967.

Schedule I of the Canada Grain Act now indicates classifications for three different grades of Canada utility wheat. These grades were established in 1971 and are applied for the classification of wheat in the rural terminal elevators. The first two grades consist namely of varieties designated for uses other than bakery. The third grade includes all the other varieties and types which do not belong to other classifications because of damage or excessive lightness.

The Board of Grain Commissioners for Canada has estimated that the percentage of No. 3 utility grade for this year's harvest is around 16 per cent because of the bad weather. The split of this grade into one or several other classifications will increase the stress on storage facilities and consequently will not bring any benefit to either producers or consumers. Therefore, the Canadian classification system has enabled our clients to get the benefit of high quality products associated with standardized classifications. Depending upon their classification these products are in great demand by foreign customers. The assurance of a standard classification of our grains has always helped us in our sales.

The same situation happened again in 1974. After consultations, the government at that time decided not to change our classification system and it all worked out to the satisfaction of the buyers. However, because of an exceptional situation due to rainy conditions in the west, it might be necessary to consider the need for reviewing the wheat grading system. As the minister indicated in his answer on this subject on October 27, experts in this field are now considering the possibility of revising the grades. Indeed the committee on western grain classification will meet this week and when a decision is reached I will be pleased to advise the hon. member.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been withdrawn.

Motion withdrawn.

Mr. Deputy Speaker: I do now leave the chair until eight o'clock tonight.

At 6.30 p.m. the House took recess.

• (2002)

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, before private members' hour I had been talking about some of the proposed changes in the insurance company provisions. Here we will need a much more detailed explanation from the minister than is contained in the ways and means motion and in the bill.

The language of the bill is like any income tax bill. I do not think one has to apologize to anyone. It is terribly complicated. If you want to apologize and say you do not understand it, you join 99.9 per cent of the people of the country. There are only a few tax lawyers, tax accountants and people at National Revenue who understand the Income Tax Act. I do not make any pretext of so doing; however, I think I understand some of the principles that apply to income tax.

In so far as declaring that a loan against the cash surrender value of a policy shall be to some degree taken into income, in so far as the income portion is there at the time the loan is made this seems to be in the present day something that may be justifiable. It would be very simple for the policy to have been built up, a loan taken and not repaid.

I do not agree with the provision that interest payable on that loan will not be chargeable by a businessman who borrows against his life insurance in order to get working capital, or for inventory purposes or something of that nature. There is a very arguable case that that interest is a source of capital which he has to borrow from someone.

He would be entitled to charge up the interest if he got a loan at a co-op, credit union, bank or trust company. Why not from his insurance company? He is paying interest on the money and it is being borrowed for purposes of business. It is more than nit-picking in so far as the Minister of Finance (Mr. Chrétien) is concerned, not personally, but in so far as the proposals he had put forward are concerned.

There are some things that do not appear in this budget. I want to tell the minister I have a private bill to undo something that went through under the guillotine at the time of the last Income Tax Act amendment, that is, the requirement that social insurance numbers must be provided on the applications for Canada Savings Bonds and furnished to banks when Canada Savings Bonds coupons are cashed or the banks will withhold 25 per cent of the value of the coupons.

That is an unwarranted extension of the use of social security numbers. I refer the minister to *Hansard* of 1964 when the principal of social insurance numbers was introduced. There were exchanges between the then leader of the opposition, the right hon. member for Prince Albert (Mr. Diefenbaker), and the then minister of labour, now President of the Privy Council (Mr. MacEachen). In an exchange between the then leader of the opposition and the then Minister of Labour on April 8, 1964, at page 1918 of *Hansard* we have this:

MR. DIEFENBAKER: Mr. Speaker, the minister seems to have such difficulty answering this question. The question, repeated to him, is this: is it clear and definite on his part and on the part of the government that any information given in these application forms will be used exclusively by the Department of Labour and will not be passed over to any other department? That is what I want to know.

MR. MACEACHEN: Mr. Speaker, my hon. friend will recall that the Glassco commission made a proposal that there be a common system of government record keeping and I am saying—and this is all the responsibility I can take—that this information is to be used for the unemployment insurance system and for the Canada pension plan.

MR. DIEFENBAKER: And nothing else?

MR. MACEACHEN: I am not in a position to indicate at this stage what system of government record keeping will be involved in the future, but that is the present attitude of the government.

● (2012)

MR. DIEFENBAKER: Oh, income tax and so on.

MR. PEARSON: Certainly not.

Here is a further extension!

Income Tax

I asked the Minister of National Revenue (Mr. Guay) whether there were any agreements between his department and, say, the Unemployment Insurance Commission or the Department of National Health and Welfare with regard to the exchange of information, particularly regarding social insurance numbers. I wondered whether this was a method of cross-checking the identity of individuals. The minister refused to answer. He skated around the question. He gave details concerning the improper use of agreements with regard to income tax information as revealed in the Laycraft inquiry, but he did not answer the question. I asked the minister again whether there were any agreements between the Department of National Revenue, the Unemployment Insurance Commission, the Department of National Health and Welfare or any other department or agency affecting the disclosure of social insurance numbers as they appear on income tax returns.

This extension, or requirement, was in clause 75 of Bill C-22, which went through last year, and the record will show that it went through "on division". I was opposed to it then and I am opposed to it now. Indeed, I have introduced a private bill with the object of removing that particular section. It amounts to a bureaucratic invasion, on the totally unjustifiable pretext that because a taxpayer claims not to have a social insurance number he is in some respects prejudiced. Mr. Speaker, there is no obligation upon anyone to have a social insurance number. It is argued that such a person would lose 25 per cent of bond interest when funds are deposited in a bank or a trust company. But that money could always be reclaimed a year later when filing for the $1,000 exemption on bond interest. What I am saying is: there was no need for all this in the first place. I wonder whether the Minister of Finance and his officials, or the Minister of National Revenue and his officials know how many elderly persons do not possess social insurance numbers. Do they know what it is like to try to get a number? It is almost as difficult as getting a citizenship certificate.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order. The hon. member has the floor, and I suggest we should all listen.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): I hear an observation by the Postmaster General (Mr. Blais). He should be out trying to settle the business of the Post Office, which is the lousiest operation going—and that opinion comes from government backbenchers. The hon. member for Welland (Mr. Railton) down there ought to begin worrying about social insurance numbers, too, and listen to what the elderly citizens in his constituency are telling him about that subject. After all, many of these persons 75 and over were not born Canadians. They migrated to this country and do not have evidence of their citizenship. Overseas marriage certificates are no good when it comes to applying for social insurance numbers. Other primary evidence is needed.

Even elderly persons who were born in this country find difficulty getting a birth certificate. Then there has to be secondary evidence, for example, a driving licence. But very few people over the age of 75 have driving licences, particularly if they are women. Then there are tax notices if property happens to be held in joint tenancy. There are all sorts of things. I have received any number of phone calls at my constituency office about this. And it is all totally unnecessary from the point of view of the public.

Of course some bureaucrat thinks it is great. Mr. Speaker, we do not run this country for the benefit of the bureaucrats, or at least we should not. The bureaucrats should be there for the benefit of the people, not the people for the bureaucracy. Yet, I am sorry to say, that is what we have come to. We are now being enmeshed, roped in, tied together for the benefit of some bureaucratic machine.

I can recall the days when social insurance numbers were introduced. It was clear then that they would be used more and more, that there would one day be an absolute requirement to be identified by such numbers. So help me, I am sure some bureaucrat is going to say that from the day a child is born, "We can get the footprint off that child and issue a social security number right away."

As far as I am concerned, clause 75 of Bill C-22 should never have been passed. Back in the summer, of course, government backbenchers didn't even know it existed. I am sure the present Minister of National Revenue did not even know it existed at that time. I want to ask him to tell us what he intends to do about it and I should like him to give us information with regard to agreements, some of them secret agreements which are never published—

Mr. Guay (St. Boniface): They are not secret agreements.

Mr. Lambert (Edmonton West): They were secret agreements because they were kept from the attorney general of Alberta. The minister and I have a difference of opinion here, because I have read the testimony given before the Laycraft inquiry and he has not. I do not think he is really aware of what went on at that inquiry.

I turn, now, to another area. Last fall, I believe, the department issued an interpretive bulletin having to do with loans to employees to purchase shares or to finance housing. The minister was arbitrarily fixing the rate of interest to these employers at 8 per cent because, somehow or other, the volume of these loans had grown to such a point that the department had decided to tax the benefit of the lower interest rate. Well, Mr. Speaker, I do not know that the nature of any of these loans was changed by their frequency.

Business institutions in this country often made loans to some of their executives or employees being transferred from one part of the country to another, in order to assist them to relocate—they were prepared to make a loan amounting to almost 50 per cent of the value of the house; there might be no interest payable for the first two years and perhaps an interest rate of 4 per cent or 5 per cent for the balance of the term. The same practice was followed with regard to the purchase of shares in the company to be held by employees.

• (2022)

The former minister said that in accordance with Section 6 of the Income Tax Act she was deeming this a benefit and arbitrarily setting the interest rate at 8 per cent. Therefore the difference between 8 per cent and the actual rate paid by the employee was deemed to be a benefit added on to income, and to be taxed at the marginal rate. We asked some questions about this. We now see the minister incorporating it, not through an interpretation bulletin but in a clause of Bill C-11.

Now there is an exemption. First of all, loans to employees to buy shares will be exempt. Therefore a company can lend $50,000 or $100,000 to a manager at 2 per cent, one per cent, or at no interest at all, to buy shares in the company, and this is not to be deemed a benefit. If a manager or junior executive in the firm is transferred, a mortgage of up to $50,000 at anything less than 8 per cent which is advanced will not be considered a benefit. Then we have what I might call a nuisance threshold whereby any benefit of less than $500 will not be taxed; it will be exempt.

Why get into this whole area in the first place, Mr. Speaker? A $50,000 low interest loan to buy a home goes a long way; I do not suppose there would be very many such advances. There will also be precious few $50,000 or $100,000 advances to buy shares in a company. I should like to tell both ministers that there are many other benefits which are given to employees, such as low cost meals in cafeterias, free parking and suchlike. If the Minister of National Revenue is going to interpret Section 6 of the act as granting certain benefits which are taxable, he will have to get up early in the morning and work until late at night because the list will be very long.

This practice was quite all right two years ago, but now this year the practice has become tainted because the minister apparently feels there is too much of it. He means there is not enough of it among the assessors of the department; they feel cheated. Perhaps the Department of National Revenue should start making loans to some of its employees as they are transferred across the country. If that were so I do not think we would hear too much about this practice. I suggest to both ministers that this particular provision in the Income Tax Act should be withdrawn because it is nitpicking. It will not raise very much revenue and will create further complications, so why get into it? Are Canadians not taxed enough as it is?

Let me cite some figures provided by both ministers. On March 31 the former minister of finance estimated that in the year 1976-77 $14,885 million would be collected in personal income taxes. The present Minister of Finance on October 20 revised this figure to $14,620 million; in other words, there was a drop of $265 million. But what is the forecast? Even with these cuts the figure is $14,100 million. This is almost three times the corporate income tax estimate.

Mr. Benjamin: Shame!

Mr. Lambert (Edmonton West): I hear "shame" coming from the NDP. They do not know that business operations are so bad that there is a reduced forecast of corporate income tax because profits this year are not good. It is amazing, Mr. Speaker, but they feel there is one big herd of milk cows in this country known as corporations, which you milk four at a time. You just hang on tight and milk, and that is the solution to this country's economic ills and to government's shortage of funds. You milk the corporations.

I am talking about taxing individuals. Millions of people do not pay tax. Under the last budget, with the additional $200 cut which is to apply primarily next January and February, a lot of presently marginal taxpayers will be removed from the tax rolls. But because of inflationary pressures and increases, even a 6 per cent increase in salaries or wages will mean that by the end of the year such people will once again be back on the tax rolls. It is all very nice to be off the tax rolls at the beginning of the year, but if you find yourself back on the rolls at the end of the year it is very little relief. I would have much rather seen a tax credit.

Personal income taxes have had a very regressive influence in this country ever since 1972 with the coming into force of the so-called tax reforms under a former finance minister, Mr. Benson. At that time there were dire predictions from all sides. I remember the former treasurer for the province of Ontario arguing with the then minister of finance and proving that the tax system was far too heavy-handed, that the impost by government under personal income tax was far too heavy for the Canadian economy. This has been proved because every year there have been cutbacks, and the government has always tried to justify why it has taken another half a million people off the tax roll. The very next year, however, inflation was moving them right up again, and with the tax rates and the tax system being what they are, it was just a case of a revolving door; you took them out at budget time, and a few months later they were back in as taxpayers. It meant very little.

• (2032)

If we took the totals claimed by the successive ministers of finance since 1968 or 1970 as having been taken off the tax rolls, we would not have any taxpayers left.

A recent proposal which was started by the Minister of Energy, Mines and Resources (Mr. Gillespie), and adopted by the government, to save energy, was to increase insulation. This was the giving of a grant of up to $350 to certain persons owning rather older homes, which are to be insulated according to certain standards. The idea is fine. A lot of those homes require insulating, and undoubtedly there will be a lot of energy saving. But it is absolute gall then to turn around and say to an individual, "We will help you to the extent of $350, but we will add the $350 to your taxable income". It is given with one hand, and then it is taken back with two hands. That is totally wrong. Why do it that way? If the grant is to be $350 for this particular house or that particular house, that is how much it should be. Why tax the grant? It that is the case, then that should be the contribution of the economy toward energy saving.

I have heard of people insulating their houses at a cost of $800 or $1,000. This is what it costs to insulate some of the older, larger houses. But to tax that grant causes me to invite my colleagues to vote against that particular item in Bill C-11.

I could go through all of the ways and means motions, but the hon. member for Waterloo-Cambridge (Mr. Saltsman) has some original comments to make. Also some of my colleagues want to speak about other matters. I hope and trust that the members of the House, particularly those on the government side, will take a very good look at this particular bill, because there are some things said and done in the name of income tax that should never see the light of day. I invite them to participate in the discussion at this level. They must have embarrassing times when they are faced with constituents who say, "What did you say at that time?" and all they can do is grin or smile and say, "I did nothing and I said nothing. I took it at face value."

Mr. Alexander: They raised it in caucus.

Mr. Lambert (Edmonton West): Bill C-11 was never even discussed in caucus. People who are interested in taxes are told they will receive recommendations, but what recommendations come out of the Liberal caucus? Not one, not one.

I will put an end to my remarks concerning this somewhat disjointed amending bill and pass the mantle on to the hon. member for Waterloo-Cambridge. I know he is champing at the bit. I expect to have a good half hour session from some of the Liberal backbenchers who will expound on the values of this bill, since they are backing the Minister of Finance. I hope some of the provisions will merit the fate they deserve and be defeated in the committee of the whole.

Some hon. Members: Hear, hear!

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I cannot help but let the hon. member for Edmonton West (Mr. Lambert) know that this evening the rabbi has consented to giving his place up to me.

It would appear on the surface that the opposition of NDP members to Bill C-11 is simply an anti-corporation move on our part without any substantial basis in economic theory. If we leave the theory aside temporarily, which has come to us in the post-war period mainly through the policy implications of John Maynard Keynes, as they relate to control of the aggregate or over-all demand in the economy; and if we stick to the pragmatic or practical results of such large tax cuts for corporations and investors, which come to $1.2 billion, we find adequate reason for the NDP to be apprehensive about such tax cuts as they relate to the major problem which exists in the Canadian economy today as we see it, namely, the creation of jobs for at least a half a million more Canadians out of the approximate 1.2 million who are out of work.

Our leader has pointed out the failures of the measures to boost job creation. This is already reflected in the fact that

some of the firms, which will receive great benefits from the new tax measures, are now actually decreating jobs in spite of these extremely large tax cuts announced in the budget of last March. Some prominent examples have already been noted.

The Aluminum Company of Canada will receive approximately $11 million because of these tax cuts. One might say, "Well, so what? Won't that mean they will be able to increase jobs or at least hold the jobs they have?" The fact is that the Aluminum Company of Canada is laying off 400 workers in Newfoundland, which has the highest unemployment rate of any province in this country.

Another large multinational firm, which we all refer to as INCO, will receive a tax break of $10 million under the terms of Bill C-11; but we all know that between Sudbury, Port Colborne and Thompson, INCO is in the process of laying off some 4,000 workers.

Northern Telecom, another large company, will receive approximately $3 million under this bill, and they are not creating jobs with this but are laying off 1,000 workers. Noranda Mines will receive approximately $5 million and plans to lay off at least 500 workers, and it may yet go up to 1,000 or more.

In March, and again in the mini-budget presented by the new Minister of Finance (Mr. Chrétien), the government has failed to get the economy revitalized because it is not providing enough of a stimulant to consumer demand for non-durable goods, durable goods, and for many services that are needed by the ordinary Canadian family. By putting the emphasis on these large tax deductions for corporations, it is obvious from the examples given above that they are not reducing the present high degree of under-utilized human beings, as shown by our official and unofficial unemployment figures.

● (2042)

The large corporations are not responding to corporation tax cuts by creating new jobs, as is apparent in the increasing number of lay-offs that are occurring in the manufacturing sector of our economy which is operating at about 80 per cent capacity. Their profit levels which, from some points of view, are healthy, are well below those that have historically occurred in the recovery stage of the traditional Canadian business cycle. Therefore the conclusion of the NDP is that the investment stimuli given in this budget are obviously not going to do too much to improve our national economy. What was needed, and is needed, are even more substantial tax cuts for the lower and middle income families in this country to give a push to the investment sector to help revitalize the economy and get the spending income stream moving at levels which will bring back confidence in the management of the Canadian economy both inside the country and abroad.

The government has insisted, both implicitly and explicitly, that such tax cuts to consumers could result in even higher levels of inflation. They would have to be very large tax cuts indeed, given the under-utilized capacity of our manufacturing sector at present, before demand, that is, over-all aggregate demand, would outstrip the capacity to supply these goods and services and hence increase the general level of prices, causing what we call the inflationary spiral, higher than what will occur, of course, as a result of the increasing cost of fuel and of other imports, because we have become a net importer of oil, as well as because of the lower value of our dollar.

However, I would argue as an economist that in the long run our exchange rate, accompanied by the type of consumer stimulation that I have mentioned earlier, would be advantageous to our export trade, which in turn would give a greater lift to the business sector of our economy than the action which the government is now proposing, which is an inefficient way of allocating our scarce resources. In other words, the government is stressing too much direct stimulation of the private sector by way of corporate taxes which amount to over $1 billion, and yet corporations continually show they lack the confidence necessary to create jobs in this country. In fact we note that some of them are doing the very opposite to creating jobs. The money which they receive from the government to improve their cash flow is used, in the case of multinationals, to help subsidiaries in other countries, and to concentrate the corporate sector further through the buying up of securities in other corporations. It does not go toward creating jobs in this country. All this occurs while we as a nation have a $10 billion deficit in manufactured products and an almost $3 billion deficit in debt services, that is, in interest payments abroad.

Now I wish to speak briefly about how the government, through public expenditures, can improve the economy in the Atlantic region and elsewhere across the country. It is obvious that in the first place we should invest in energy and conservation. One reason why the attempts of the government in this direction have not been too successful is that they have not followed through with a national energy policy which would make sense to any of us. I have put questions in the House to the Minister of Energy, Mines and Resources (Mr. Gillespie), concerning this matter and he has spoken on this subject in Toronto in September, and again in Paris at the International Energy Agency meeting, having listened to such experts as the head of the Venezuelan Oil Export Corporation. He said that all the studies that have been carried out until now show that a complete breakdown of the OPEC cartel will mean that Canada will have a deficit in oil imports of at least $2 billion by 1985. He woke up very late to the fact that we will have great difficulties in that respect.

My province of Nova Scotia is the second province after Prince Edward Island most dependent on oil, and yet the government which has set up the Cape Breton Development Corporation knows that by 1985, or shortly thereafter, Nova Scotia will have to import oil from somewhere at a very high price, as the Venezuelan minister said two weeks ago when he spoke at the Gas Association meeting in Toronto. In 1985 we will have to pay $20 in 1977 prices for a barrel of oil. Of course, no one can be 100 per cent right on this, but this is not information that comes solely from the Minister of Energy, Mines and Resources. It is also information which comes from MIT studies which were not done at government instigation but, one suspects, by the CIA in the United States and by

OECD, as well as from a source in which I put the greatest credence, that is, the minister in Venezuela, a country greatly dependent on oil and which knows what is going on in the OPEC countries. This, of course, does not take into account the types of difficulties that we could have as a result of political difficulties in the Middle East.

The fact is that in a few years we will be facing immense problems. Yet coal is one of our resources, a resource that in the past was not considered to be as valuable as oil because, in the 1950's in Canada as well as in western Europe and the United States, the oil industry drove the coal industry into a sharp decline in so far as the supply of energy was concerned. However, that has changed, and it will change still further in the next ten years.

I say that the government has been seriously deficient in its energy policy in not opening two new coal mines in the Cape Breton area, at a time when the minister in charge told us that we in Nova Scotia will be facing this kind of deficiency in oil in the near future, to say nothing about the situation in the whole of the nation. Given this, and given the high unemployment in our area, which has been a chronic and traditional situation since the coal industry started to decline in the 1950's we must put particular stress, as I have suggested, on close co-ordination between the Minister of Energy, Mines and Resources, the President of the Treasury Board (Mr. Andras), and the Minister of Regional Economic Expansion (Mr. Lessard), who is also in charge of DEVCO. They should be saying, "We know the resources are there, so next year we will start a new coal mine in the Cape Breton area". I shall have a little more to say on that in closing, and I shall be quoting what the premier of Nova Scotia said recently in that connection.

As we know, there are other possibilities for the Maritime Energy Corporation and this is a step in the right direction, but we can legitimately criticize the government for setting up the corporation so late. There are also other possibilities for the whole of the Atlantic region which can now be viewed in another light, possibilities which not long ago could not be considered as being practical, such as the Fundy Tidal power project.

● (2052)

In view of the chronic unemployment problem in my constituency I see the possibility of the Government of Canada getting a tremendous return on investment in two new coal mines that would help our balance of payments and, as I have said before, would help industries in southern Quebec. We all hope it will remain part of Canada, and indeed most of us are willing to bet on that.

Some companies are now burning oil. Can you imagine what they will have to pay if they are to survive in the Canadian economy ten or 12 years from now if the leader of the Venezuelan Oil Export Corporation and these studies are right, as is likely? They should be converting to coal. It should be part of the energy policy of this country to use coal, instead of putting all kinds of unemployment insurance into areas like that where there are literally thousands and thousands of potential coal miners who are willing and able to go to work. Such an approach would rectify this situation which has been with us since the 1950's.

I could say much more about this, Mr. Speaker, but I just want to say now that there is a great lack of an energy policy in this country.

I do not know if all members will agree with me but, looking ahead for the next 15 years in Canada, I see a tremendous gap in the field of transportation, especially rail transportation. The Mirabels and other white elephants that were built across this country use the most intensive energy consuming type of transportation, the airplane. Instead of looking ahead and seeing that we have to put more money into freight and passenger rail services, we are allowing the other expenditures to go ahead. Let me give an example of how important this is to the nation, Mr. Speaker.

The Ontario utilities and Ontario steel plants—Stelco, Dofasco, Algoma—will be running out of coal within the next 15 years—metallurgical coal—and they are now planning along with MOT, along with the utilities, along with the CNR, to rebuild the railbed from Alberta and parts of British Columbia to the terminal at the Lakehead in order to move unitrains to get those coal resources to Ontario where they are desperately needed. They know it is not going to be as easy as in the past to get coking coal, metallurgical coal and low sulphur coal from the United States, for making steel and for thermal purposes. It will cost at least $2 billion to do that. I should mention that the steel plant in Sydney produces rail, primarily.

While they are doing that, why does the government not seriously look at these other matters? I took this up with the CTC and they admitted they were not doing it because of the shortsightedness of the Minister of Transport (Mr. Lang) and probably of others before him. They have tunnel vision as far as the airways and highways are concerned. This is unfortunate, especially in view of the difficulties in the supply of petroleum which will become increasingly serious over the next 15 or 20 years. They should be starting now to do cost benefit studies on the improvement of railbeds from Sydney to Montreal so that goods could be moved more easily, so that the Sydney plant could sell more rail, and so that the plant in Pictou County which produces cars for the movement of grain could be built up. If this were done we would not have thousands of unemployed at the Sydney steel plant or in Pictou County. This sort of thing does harm to the unity of this nation, and it happens continually.

Mr. Baker (Grenville-Carleton): That is a good speech. Right on.

Mr. Hogan: I do not know if I am being kidded by the hon. member or if I am being encouraged.

Mr. Baker (Grenville-Carleton): You are right on.

Mr. Hogan: Mr. Speaker, if the government has any thoughts on this problem it has never made them public. It is hard to get the Minister of Transport to say whether he is considering it. I write to him and talk to him, but all I can find out is that the emphasis is on air travel. In my opinion, as far as major public sector transportation is concerned, the concentration should be on rail—not to the exclusion of air travel of course.

It is obvious that we need tremendous public investment in the fishing sector in the Atlantic region, both offshore and inshore. As I have said before, one of the reasons the fishing industry on the Atlantic coast has suffered as opposed to the Pacific coast, is that the late Lester B. Pearson, whom many revered because of his co-operative federalism and his international stance, neglected to be a nationalist at a time when we could have used one. As a result of his policies, offshore fisheries came into the area. Big foreign fleets owned, controlled or subsidized by other governments, have depleted our resource. Now the Minister of Fisheries and the Environment (Mr. LeBlanc) tells us that the mistakes of the last 15 years have to be made up. Mr. Speaker, it will take a very large public sector expenditure to do that. The inshore fishery that constitutes the greater part of the Atlantic area must not be sacrificed in order to promote a monopoly or a few multinational corporations that want to control the offshore fishery—as important as the offshore fishery is going to be, and I have no objection to that.

I would remind members from the Atlantic region—and some of them know this better than I—that 90 per cent of our fishermen are inshore fishermen. They expect new policies from this government and new investment in order to rebuild that fishery as well as the offshore fishery.

There is another sector in the Atlantic region that requires a great deal of additional public expenditure over the next few years. One of the difficulties of Confederation is the administrative inflexibility of some of our large bureaucratic institutions. Like CMHC they may be well intentioned, but they cannot seem to adapt programs established for a national income level to areas of low income like the Atlantic region. I am concerned about new housing starts, public housing and co-operative housing, and also about the repair of existing housing.

● (2102)

I put a proposal to the Minister of State for Urban Affairs (Mr. Ouellet), and I put it to the former minister. I thought I was getting to the former minister, but then he was shifted to the Department of National Defence. However, the new minister seems to agree that, in a region such as Cape Breton, where there are many old company houses it would be a worth-while investment to set up, between DEVCO and CMHC, their own repair company to give these houses a longer life. That would save the government immense amounts of money in terms of public housing. It would provide decent shelter in their old age for people who have been good Canadians all their lives, as well as short term and medium term employment. That is a must, but not just for my region. It is also a must for other parts of the Atlantic region. I travelled through northern Ontario during the Ontario election campaign, and it is a must there too. It is time we started to think about these things.

Because of the INCO lay-offs the Ontario government and to some extent the federal government are now discovering that they have a potentially large problem. It can multiply, because wherever there is a natural resource base which is non-renewable it can move, and where there are many people involved governments must plan beforehand and try to broaden those resource bases. Unless communities in those areas are built up in other ways with good construction sectors and so on, eventually there will be big problems like the problem we now have in Sudbury.

DREE was established in 1969 as what I call the son of ADA. That is not a bad word. It means Area Development Agency. DREE was the grandson, if you will, of the Atlantic Development Board. It was supposed to make a big difference in closing the disparity gap as far as jobs and income are concerned between Atlantic Canada and the rest of Canada, especially the better-off provinces. However, only a few weeks ago in Halifax the Secretary of State for External Affairs (Mr. Jamieson), formerly the minister of regional economic expansion, said that "much of the DREE incentive program has been a failure". That is what the minister is quoted in the Halifax *Chronicle-Herald* as saying. The minister suggested that we must re-think our approaches to regional development because economic disparities are still glaringly with us.

I think there are indications that Nova Scotia's economic performance has worsened considerably in the last five years, despite what I hear from spokesmen for DREE. One indication of that is that, like the other Atlantic provinces, Nova Scotia is much more dependent on Ottawa for its revenues than ever. We pay almost the highest taxes in the country. Any income improvements in general are mainly due to transfer payments, and there is little indication that earned personal income or income per capita is growing.

If hon. members would look at the economic review of the Department of Finance for May, 1977—and I know they will not all go rushing out to do so—they will find that in the whole of the Atlantic region private investment, which is supposed to do the major job there, according to the thinking of many, excluding housing, actually dropped in 1976. That is a fact which was also true in the province of Quebec.

When we add public investment to private investment we find in that economic review that between 1970 and 1976 the increase was 135 per cent in New Brunswick, 96 per cent in Prince Edward Island, 63 per cent in Nova Scotia, and 60 per cent in Newfoundland.

Before preparing this speech I looked at the taxation statistics in the 1977 publication of the Department of National Revenue. I found there something I have spoken about often with regard to DREE, as the hon. member for Stormont-Dundas (Mr. Lumley) knows from past experience, and it has been repeated by the hon. member for Halifax (Mr. Stanfield). What I found there were some startling figures, despite the

growth of the metropolitan areas of the Atlantic region, for reasons we do not need to go into here, but primarily because their base is a government base, something like Ottawa, and DREE has built upon this. I am not saying that DREE has not done anything. But as the hon. member for Halifax noted about two years ago in a banquet given in his honour in Dartmouth, one of our great difficulties now is not only the disparity between the whole of the Atlantic region and the average for the whole country but also the disparities within the region between metropolitan areas and outlying areas.

Figures for 1975 are the latest figures, and they show the average income—which for these purposes means total income—to be $7,862 in Sydney, and of a hundred Canadian cities Sydney ranked 94. In Halifax the average income was $9,273, and its rank was 38th, which put the average income in Halifax at about 77 per cent of the Canadian average, and the average income in Sydney at 66 per cent. Of course the figures include only selected cities and exclude large towns like my own town of Glace Bay, which has some 24,000 people, and New Waterford, a mining town in my riding, which has a population of 10,000. The final figures in the 1971 census—they are not available from the 1976 census—showed Sydney as having 68 per cent of the national average while Glace Bay was at 54 per cent and New Waterford was at 48 per cent. There is obviously a desperate need for new jobs in these mining areas of my constituency in Cape Breton and in parts of other constituencies, such as the constituency of the hon. member for Cape Breton-The Sydneys (Mr. Muir), which has as its major industry a steel plant. There is a need for new jobs in the riding of the hon. member for Cape Breton Highlands-Canso (Mr. MacEachen). There is a desperate need for at least two new coal mines. The coal is there, and it happens to be within the confines of my constituency, in Glace Bay and in the New Waterford area.

We should not wait until 1979 or until an election for the people I have talked about to get together, in view of what the Minister of Energy, Mines and Resources is saying about what is going to happen in the mid-1980's or thereabouts. They must get together and build two new mines. This would probably cost the government $80 million. I admit that the government has already put a lot of money in, but this investment would guarantee viable operations. There would be new mines, and the only old one would be modernized. Hundreds of millions of dollars would be saved, if I am right in terms of what oil costs are going to be.

Some of this coal could be sent to the province of Quebec for the cement companies, which were the traditional markets in the 1950's. This would be a worth-while investment, and not just for a particular part of the country. It would not be money going down a sink hole. These are not the fifties. These are the 1970's and we must get ready for the 1980's, unless the assumptions about the price of oil are wrong—and it is hard to conceive that that could be so—and unless everybody is wrong about shortages which are going to occur.

We have a huge unemployment problem, and this proposal could have a good effect on our balance of payments deficit problem. Canada is going to need help. If the Minister of Energy, Mines and Resources is correct, we will have a deficit of $2 billion in our oil imports, as well as a deficit in our gas imports and other petroleum exports by the year 1985.

• (2112)

The Minister of Energy, Mines and Resources said last week, and it was quoted in a recent editorial, that what is facing us is like the tip of the iceberg that the *Titanic* did not see. Surely the government can see it now. It would not take that much co-ordination to put some kind of energy structure together.

Rather than putting so much unemployment insurance into places like Cape Breton, this investment should go into at least two new coal mines.

The premier of Nova Scotia was quoted in the Toronto *Star* of Saturday, October 29. I know the Liberals will believe him because he is a Liberal. There may be some on this side who will not take his word, but he should know whereof he speaks. I quote:

> Liberal Premier Gerald Regan of Nova Scotia blamed Ottawa for failing to act on its promises. Proposals to sink another coal mine in Nova Scotia have become entangled in federal government red tape, he said.

That is the difficulty as far as co-ordination is concerned. This is not good enough for many unemployed Cape Bretoners. Nor does it say much for this country's national energy policy and the co-ordination existing between the Department of Regional Economic Expansion, Energy, Mines and Resources, the Nova Scotia government and the Federal Treasury Board.

Is there any reason why those here tonight should not expect the NDP members to get excited about further handouts to private corporations at a time when more and more people are being laid off and jobs are not being created? We should go the reverse route. There should be deeper cuts to stimulate the economy and get national priorities assessed. Long term strategy goals should be established in the fields of energy, transportation, especially rail, housing and so on, so that the country can get moving again. We will then not have to worry about a relatively small group of separatists, 25 or 30 per cent, because they will not be able to move people, those who are content and have jobs, away from Confederation.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I want to talk about one outstanding feature or Bill C-11, clause 61, which deals with the incentives for scientific research.

It is in detail an investment tax credit, 5 per cent of current and capital expenditures on scientific research performed in this country with a regional aspect to it. If this research and development are done in regions of Canada designated under the Regional Development Incentives Act, the investment tax credit is 7½ per cent, with the exception of the Atlantic provinces and the Gaspé Peninsula where it is 10 per cent.

This means that for research and development in the Gaspé and Atlantic provinces, 10 per cent of the total of the current

and capital expenditures on scientific research will be a prepayment of tax payable. It will be a deduction from tax that is owned to the government. This is a very good, positive, concrete move, that is estimated to be worth $35 million to $40 million in this current fiscal year.

The reason I feel it is such a good move is that primarily it means there will be less government involvement and interference. This is to be admired. We have heard comments from both sides of the House, as well as across the country, on the problem of government interference. This gives industry the advantage of making the decision on what it wants to do and when. They are best fitted to make these kinds of decisions. It also avoids the bureaucratic involvement and the delays associated with this.

I wish to contrast this investment tax credit with another piece of good legislation that has gone through recently, but had handicaps because of the bureaucratic involvement. I refer to the Enterprise Development Program. The minister said it would be less cumbersome, there would be less paperwork, and it would be easier to administer. As far as the simplification of dealing with all the government alphabet programs is concerned, it was certainly a move in the right direction.

Unfortunately the bureaucrats in the department have managed to do a complete inversion and have made this simplification into a multiplication of paperwork and of the bureaucracy involved. They have managed to effect results contrary to the intentions of the government. It will be very advantageous if we can manage to avoid government involvement in the decision-making process as much as possible, leaving industry to make the decisions it is best able to make. For this reason I commend clause 61 of Bill C-11 and encourage the government to proceed more in this direction than in the direction evidenced by the Enterprise Development Program.

There is no question that to increase the number of jobs in this country in the long term, we need more industrial research and development. It has been well shown recently that high technology industry creates many more jobs than a low technology, more mature type of industry. I refer here, for example, to the textile industry and the footwear industry where increased involvement with technology in recent years has been minimal, as has been the creation of new jobs.

In high technology areas, especially in the electronics sector, we have seen very small companies increase in size quite dramatically in the last few years, with a consequent increase in the number of jobs available. There are several studies to verify the comment that it is the high technology industry which is creating the most jobs. Therefore as a government we should be doing more to encourage industrial research and development, especially in the high technology area of industry.

There are two areas which we can use to tackle this objective. One is in the small Canadian-owned and controlled companies involved in high technology. I refer to the electronics industry as a good example of this. Relatively good progress has been made in encouraging some of these companies.

The "unsolicited proposal aspect" of the "Make or Buy" government program should be increased. At present it receives $12 million per year funding. It has demonstrated beyond any criticism that it has been very successful. We need more of that type of encouragement to increase the results and effectiveness.

If I am criticized for advocating more government spending, I would say it should not increase spending but divert money to this area which is very effective in creating jobs. Not only will it have the effect of creating high technology jobs, but in the long term there will be a much larger increase in jobs created for the technology applied to products by these companies.

If we really want to make a serious dent into the industrial area in this country, we have to tackle the large industries which make up the bulk of the industrial sector of the economy. When we talk about the large industries in this country, the ones which really have some effect on the economy, whether we like it or not, we are talking about multinational corporations. A large number of these multinationals are U.S.-based. We have to seek the reason why there is not more industrial research and development being done in Canada by these companies. We need to consider what we can do to encourage an increase in research and development in Canada by these companies. It is in this vein that I wish to draw the attention of the House to an article I came across earlier this year in *Forbes Magazine,* the issue of December 15 last. I think it explains very well why we do not see more industrial research and development being carried on by subsidiaries of large U.S.-based multinational corporations.

● (2122)

This article was written at a time when a change was proposed by the U.S. Treasury to increase the amount of money U.S. corporations were repatriating from foreign countries where their subsidiaries were operating. Let me briefly give a resume of the change which was proposed by the U.S. Treasury. Essentially U.S. companies could deduct the cost of research and development done in the United States against the cost of operations in foreign countries as a legitimate cost of doing business there. Applied to Canada, this meant Canadians were paying for research to be done in the United States by U.S. corporations and citizens. So why should these multinationals do research in Canada? They are already getting paid by Canada for doing it in the United States. There is no incentive at all for them to adopt a practice of spending money and doing research anywhere other than in the United States. This, of course, creates high technology jobs for their own university graduates. It is of no help to Canada, however, which also wants jobs for its university graduates in these high technology fields. The change which the U.S. Treasury proposed was to increase the amount of money which U.S. companies could repatriate from U.S. subsidiaries in foreign countries.

The criticism which was levelled at this proposal in the article to which I referred was that foreign tax collectors might well disallow research and development deductions against sales in that country if the research and development were carried out, say, in New Jersey. Well, I don't ruddy well blame them. I, for one, would certainly want to see Canada disallow increased amounts of money being used as deductions for research done in the United States for business in this country.

I think this was a very regressive measure. I do not know how many people in the Department of Finance knew this was going on, but certainly the scientific community was not aware of it. This is a very strong reason why there is so little research and development done in the industrial sector of the subsidiaries of foreign-based multinationals.

The situation is similar to the one which existed with respect to the *Time* and *Reader's Digest* legislation when it was brought before us. I feel we should take similar measures in this case, and not only reject any increase in the amount of money they want Canada to pay for research and development done in the United States, but even disallow that which is already being repatriated, a procedure which would come to grips with the problem of getting research and development done in Canadian industries here, whether they be foreign multinationals or Canadian-owned.

In my opinion it is a very serious situation but one which should be tackled if we really wish to increase the amount of research and development done by industry in Canada, the point at which it is translated into the economy, where it creates jobs and where it benefits the standard of living of all Canadians.

There is another aspect to the attack on this problem, that is, the general proposal to build on our strengths. Where are our strengths as far as research and development are concerned? They are in our universities and in our government laboratories. That is where most of our research and development are carried on and that is where most of our people who do the best work are located. I therefore think we should bring in measures to encourage the transfer to industry of the technology which already exists so that it can be translated into the economy.

Our universities should be working on problems of national concern, in addition to their fundamental curiosity-oriented research. Once they have done this work we should also make sure there are ways to integrate this into the economy so we can benefit in an economic, material way from the application of this research. The same applies to work done in government laboratories. How much of the work which has been carried on in these institutions has really gone into the economy in a way to benefit our industries and our economy? There are many cases in which this has happened, but there are, alas, also many examples to show that the work has not been transferred or, if it has been transferred to industry, that the benefits have not remained in Canada. In some cases it is foreign countries which have benefited from our government research, and our taxpayers which have paid for it.

I realize that the measures I propose are quite wide. I realize a lot has to be done as far as legislation is concerned to implement them, but I feel the proposals brought in under the terms of Bill C-11 are a good start in the right direction. Much more action is needed in this direction to tackle the problem of job creation—long-term job creation, not short-term, stop-gap measures—and we need that action soon.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I would like to take the opportunity to speak on Bill C-11 in connection with the Income Tax Act because it gives us an opportunity to discuss in considerable detail our economic situation. Certainly our present economic situation must be considered one of the worst we have ever experienced, if not one of desperation. Some people are even calling it one of despair.

By all indexes, as a developed nation, the state of our economy can only be described as in a desperate situation. The Minister of Finance (Mr. Chrétien), just a few weeks after assuming his new post, finds it necessary to bootleg in a budget which has been called an economic and fiscal statement. In fact he has a new budget in all but name. He had only a month or so to prepare this, and while it offers me my first opportunity to wish the minister personal regards on his appointment, it only shows the depth of the necessity which he has attached to these changes. It may be that the Minister of Finance can say, as Hamlet said, "This budget, 'tis a poor thing, but it is my very own". I suspect, however, that in this case he has to carry what he inherited from his predecessor, and we can discuss that, too.

It is true that part of these amendments are a hold-over from the May budget of the minister's predecessor, and it seems interesting that the previous minister of finance was not allowed, or did not wish to finish with the budget he had started. It should have been debated and passed and I think then the public would have been better informed, and we would know where we are going. It should have been done three or four months ago.

There is no doubt about the ballooning deficit. It is now estimated at $9.2 billion for the fiscal year ending next March, and even more for the next year cannot be considered as anything less than a disaster—and there is more yet to come. Moreover, there is the problem of national unity which arose in an acute form last November with the election of the Parti Québécois and the headlong rush and steady progression of the province of Quebec to an independent, economic state. This certainly does not excite a feeling of economic stability such as we in this country have long been famous for in the international field. The possible negotiation of separation is, of course, a horrendous job. It also indicates that this will spill over into other sections.

• (2132)

All these political problems give rise to uncertainty as to whether government bonds, federal or provincial, will be met some time down the road. This year the federal government will need to borrow almost enough to increase our national debt by something like 20 per cent. Surely this booming

deficit, in a period of peacetime, a time of relative world stability in the economy, is an indication that we are almost approaching wartime deficits.

It is true, according to some estimates I have seen, that we would be borrowing something like $25 billion a year if we were borrowing amounts comparable to those borrowed in the war years in the forties, but then it was recognized that the war would end one way or the other shortly and that borrowing was a necessity to preserve the country from external forces.

There is no sign of this massive government expenditure being curtailed. We cannot suddenly terminate transfer payments to the disadvantaged, to old age pensioners, the funding of health and welfare programs and education programs. We are already talking about huge amounts required to meet educational expansion and are asking the provinces to institute second language training, which will cost hundreds of millions of dollars and create an entirely new situation for our schools.

During the budget speech of his predecessor, the hon. member for Rosedale (Mr. Macdonald), the then minister suggested we would increase economic growth by 5 per cent. With the new cuts of some $600 million in income tax and $100 million in tax credits and other stimuli, nearly $1 billion in all, the present Minister of Finance cannot hope to achieve 5 per cent growth next year. Although the amount of the tax cuts, $700 million, is substantial, it amounts to only $100 for the typical married taxpayer earning between $9,000 and $16,000 per annum. Making it applicable in January and February means, presumably, that the Minister of Finance is looking for some kind of psychological impact and is trying to tell Canadians they are being too pessimistic.

As for wage and price controls, the minister has gone back on the promise of his predecessors to protect the real wages of workers by adjusting the anti-inflation guidelines to 6 per cent. That is to say, the guidelines remain at 6 per cent although inflation will likely be much higher than that. When the government set up the Anti-Inflation Board it said it would allow for increases in the real wages of workers. In order to do this the Minister should have allowed the ceiling to be 8 per cent, not 6 per cent.

Or does the government really want to bow out of inflation controls? This is an indication that the minister is paying lip service to the removal of controls and that he really very much wants them to continue. By choosing April 14 as the date for beginning the phase out period, he will sweep into the controls program for the whole year a large number of companies with an April 1 year end, coinciding with the end of the income tax year, as well as large unions, such as the inside postal workers and the railway workers.

All of us wonder whether the mini-budget is going to work. It certainly reflects the great uncertainty in our economy, and I wonder whether the approximately $1 billion stimulus which the finance minister has announced will be sufficient. Perhaps controls have the most significant effect on our economy, but since the controls were implemented nothing has been done to change the structure of the Canadian economy. The government said it would gradually reduce controls, but it has done nothing to make sure that the same sequence of events will not occur again. If the government runs into the same sequence of events as occurred between 1973 and 1975, with rising prices followed by large wage increases, it must remember the lesson that it should have learned over the past few years, namely, that controls can hold down wages but have practically no effect on prices.

While in the long run there may be a connection between lower rates of wage increases and lower rates of price increases, wage settlements in the past year have dropped but inflation has increased. Yet the government continues to claim, in face of its own statistics, that controls have effectively restrained prices and given workers a bigger increase in real income. This really does not hold true.

As for the government's figures, the switch in economic priorities from inflation fighting of a year ago to unemployment fighting today is an interesting one. A year ago inflation was running at an annual rate of 6.2 per cent. The government said inflation was the most important obstacle to real growth. Inflation is now running at 8.4 per cent, yet unemployment has been labelled the most serious obstacle to economic growth. According to the 1976 throne speech, inflation was a destructive force which took jobs and incomes from workers, robbed the elderly, impeded the flow of capital, and obstructed the fight against poverty. But this year the villain is unemployment. It deprives Canadians, so says the throne speech, of the dignity of self-supporting work. It supposedly loads them with an unfair burden of worry and uncertainty which is unjust and intolerable.

Last year's all out attack on inflation has now been replaced by vague statements in the throne speech to the effect that the government, in stimulative actions, will not shrink from its objective of continuing to reduce inflation. Will Canada's 800,000 unemployed go the same way as the inflation fighters of the last throne speech? The fight to "reduce" inflation in Canada has resulted in an increase in inflation from 6.2 per cent to 8.4 per cent. The additional employment opportunities promised turned out to be 200,000 jobs, only about half the number needed to ensure growth of the labour force.

Last year the government promised to keep the rate of growth of the public service below one per cent and to see what could be turned over to private enterprise in order to reduce the size of government. The latest Statistics Canada figures show that the federal government has 580,000 employees, 2.4 per cent more than it had a year ago. I have not heard of the government turning anything over to private enterprise, but it has created three new enterprises, Petro-Canada, de Havilland Aircraft of Canada, and Canadair. So much for the government keeping its promise not to increase the public service and to turn over certain operations to private enterprise.

We now have some idea of what the government has in store for us. It is organizing under, wonder of wonders, Michael Pitfield, the DM-5. This sounds like a cell in the FLQ or the secret service. The government has finally decided that the economy is in some sort of disarray and the bureaucrats are

rushing to fill the breaches, led so ably by Mr. Pitfield, the Clerk of the Privy Council. About the only thing the public knows is that whenever Mr. Pitfield is in the middle of the crowd something is up, something is amiss.

● (2142)

It will be remembered that Mr. Pitfield headed up DM-10 a year ago, which was a meeting of ten deputy ministers to chart a way out for the post control economy. At that time it was announced that it would "initiate a formal process of discussion, dialogue, and consultation with all elements of Canadian society; provincial governments, representatives of business, labour and consumer organizations, other special interest groups and individual Canadians." Ten months later it has not amounted to anything. Will half as many bureaucrats as the name DM-5 implies produce twice as much? What about the government's own 2,000 economists which it employs? Can it not find some gleam of talent to offset this high-powered DM-5?

There are a few things in the budget which will bear closer scrutiny as we progress through the committee stage. I think the Minister of Finance was too optimistic, when we look at what seems to be ahead. Almost certainly in 1978 unemployment will remain high and inflation will exceed the revised target of 6 per cent. Our trade deficits are scheduled to grow as we borrow more abroad, and particularly as the vast borrowings of the federal government in the domestic scene force provincial governments to borrow abroad.

What about this money that we are borrowing abroad? The OECD has suggested that in the group of the 24 richest countries of the world something like $31 billion was loaned outside their borders. Of that total last year, Canadian governments and companies borrowed $8.9 billion, or almost a third. This year, according to the OECD, borrowing by Canada has been running at an annual rate of $5.2 billion, a relatively low figure when compared with 1976. But even with these relatively low Canadian borrowings, they are bigger than those of any other country. In the first nine months of this year, Canadian bond sales came to $4 billion. Britain, Norway and Japan borrowed about $1.5 billion in the world markets. France borrowed about $1.3 billion, and the United States about $1 billion. These borrowings were generally company borrowings and not by governments.

Canada's federal government might consider borrowing abroad if it wanted to stop the descent of the Canadian dollar; but no other country in the world has come to the state where it borrows so much abroad as Canada. Canada is particularly unusual in its pattern of borrowing. Private corporations are the dominant foreign borrowers, but in Canada it is borrowing by our junior governments. Provincial and municipal governments sold 63 per cent of all the bonds put on the international market by Canadian borrowers. The rest was chiefly by companies.

Why do we borrow so much abroad? It seems as though our credit rating abroad is better than our economic management. The recent fall of the Canadian dollar indicates that as well as a political uncertainty facing Canada, people are now starting to question our economic stability. Because of our location and our wealth, Canada should be one of the most stable countries around. Commitments of Canadian governments have outrun their revenues by billions of dollars. The biggest deficits are in the federal fields, but the provincial ones are substantial. If the federal government is going to raise money locally then there is that much less for the junior governments.

All of this points to the problem that governments are now in a bind. To maintain the same level of services would mean extra borrowing is necessary. I think it is a vicious cycle. It is estimated that last year we had a deficit of something like $4.4 billion. It is estimated that in 1978 this will amount to $5 billion, and in 1979 it will amount to $6.3 billion. These estimates are according to Wood Gundy. There are many reasons for this. The Department of Finance has indicated that part of the over-all deterioration is cyclical; but the most recent period of rapid wage and price inflation in Canada has made it more difficult for Canadian manufacturers to compete.

Even if we have a surplus of merchandise trade, we must recognize that the huge borrowing abroad brings with it increased costs which must be met. While the Canadian dollar has only fallen 14 per cent as against the United States dollar, there is some indication of its real value when we compare it to 33 per cent as against the yen in the past year, 28 per cent as against the British pound, and 21 per cent as against the West German mark.

What can we do to increase the possibility of meeting our foreign obligations? Obviously the first area to tackle would be travel, but that would be difficult unless currency controls are instituted and travellers going abroad are prevented from carrying as much money as they would like, which politically would be a very discouraging thing. Increased borrowing for a while would meet these interest obligations, but eventually they would overpower us.

Obviously the best way to encourage meeting the foreign deficit is through exports. Perhaps we forget that we have been hewers of wood and drawers of water. If we do it well, and that is all we can do, we must look at it. We might consider increasing food exports, which seems possible and probable, if we do not have a stifling degree of boards to prevent production and to keep prices up in the interests of stability. We should consider the export of energy, particularly since recent finds have indicated that substantial amounts of natural gas are available and will likely be so for some time in the future. We have to remember that we are interdependent in energy and that we cannot sit on energy, because even when exporting manufactured goods, in a sense you are exporting energy.

It might be wise to consider that the whole thrust of the Foreign Investment Review Board has been wrong. One of the advantages of inviting a partner into a business is that when he does not make any money and the firm does not make any money, you do not pay dividends. But if you borrow from that person, you also incur interest and capital payments, even when the business is falling behind or going broke. In many

ways the policies of discouraging foreign investment, and then on the other hand encouraging borrowing abroad with interest and capital payments, are not the best. I feel the foreign investment review thrust has been basically detrimental to our Canadian economy, unless we wish it to run at a much lower level.

As business activity decreases, heavier loads are placed on provincial governments to carry the same and even greater social welfare benefits. Today's *Globe and Mail* carried a headline to the effect that an Ontario hospital association director warned that the province's will have to discharge 4,000 staff members and charge an extra $5 a day because of provincial budget cuts. This is an indication of things to come. It states that Ontario's hospitals are scheduled to receive an increase of only 4 per cent, which is not nearly enough to meet the 8 per cent inflation rate and to keep them at the present level of operation.

● (2152)

Certainly very serious troubles lie ahead of us. But we are not quite alone and it is comforting to know that other countries face this problem. The Ottawa *Journal* of today carried an article taken from the London *Economist* on whether or not growth can continue without inflation. It is interesting that in the United States, which has a much better record than we have, inflation has been hovering around 6 per cent since 1975, a much lower rate of inflation than ours, but the projections are that this inflation rate will continue in the United States. It is obvious to me from discussions that we accept that there should be a lower rate of inflation, but this may well mean a loss of jobs and a loss in output. On the other hand, if we continue to expand our money supply to equal the inflation rate, disaster will occur.

All the western countries appear to be facing Hobson's choice. West Germany is keeping unemployment high but its growth is historically low. Even so, its unemployment rate seems to me considerably lower than ours. How do we reduce inflation without creating a slump in the economy? There seems to be some hope in tax incentive schemes linked to the performance of individual companies, or perhaps more important, a moratorium on cost-increasing legislation. Canadians have had more than their share of vast social programs and we should be wary of expanding them further. Surely we should not have social programs which stunt individual incentive and limit rewards. We must carefully assess whether or not our vast social programs dissuade individuals from saving. At present the only way in which an individual can cope with inflation is to spend as much as possible. In other words, ownership of things is certainly better than ownership of paper savings, such as stocks, bonds and bank accounts.

I believe that this mini-budget, or whatever else you want to call it, is only significant because it has been brought down at this time. I think that the minister has understated the gravity of our economic situation and that only the future will tell us how we have coped in this situation.

[Mr. Ritchie.]

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, Wetaskiwin is hard to pronounce, and I forgive you for mispronouncing it because members of my own party have had the same difficulty from time to time. I said I would point that out to get back at a member who mispronounced the name of my riding on a platform some time ago.

I consider Bill C-11 to be a very important piece of legislation in that it deals with income tax. The tax part of the legislation is important in that tax policy will determine whether or not our country will move ahead. Goodness knows, at this time we need the kind of guidance that will result in our economy moving ahead. The taxation tool must be used with discretion because, just as positive and progressive taxation measures can result in a vital and growth oriented economy, an ill-advised tax policy can contribute to a sluggish growth in the economy and high unemployment rates. Thus, these proposed amendments to the Income Tax Act must be carefully considered and their implications fully understood before final approval is granted to Bill C-11.

I would like to say at the outset that I find a number of proposals in this bill to be constructive. Measures pertaining to the taxation of the resource industries are proposals that we have been advocating for some time. I have listened to many members speak about the necessity of discovering more energy resources in our country and developing them. Just now we listened to the hon. member for Cape Breton-East Richmond (Mr. Hogan) say that we should encourage the development of the coal industry in Cape Breton as well as in Alberta and British Columbia. We welcome proposals that will help the oil industry in western Canada in particular look for pools of oil which we know exist in our province, and we need to encourage people to go out and look for them. Perhaps we are learning now the importance of making risk capital available to our small industries for oil discovery because anyone who is associated with the oil industry knows that every time you drill a hole in the ground oil does not come gushing to the surface.

I am also happy to see the measure dealing with the deferral of the capital gains tax, particularly for farmers. I represent a farming area and I know that the farmers in my riding will be looking at this proposal with favour. I am referring to the proposal of the former minister of finance, followed by the present minister, to defer the capital gains tax on the sale of a business or a farm when that amount of money is used to buy another similar business, another farm, equipment or buildings necessary to expand the farm or business. This measure has been advocated for years by the P.C. party. In fact in the last session I moved a private member's motion which advocated exactly the same kind of deferral of capital gains tax on money obtained from the sale of a farm when those proceeds are used to buy another farm or farm equipment.

The government has finally recognized the fact that in many instances a farmer may want to increase the size of his operation but in his area it might be impossible to find more land and therefore he must sell out entirely and buy a piece of property in another area. In the past his options were limited because, in order to do that, he had to sell his property and pay

the capital gains tax on the proceeds, which deterred him from expanding his operation in another area. That is why I heartily endorse the amendments to the Income Tax Act in this bill which would allow farmers and small businessmen to defer the capital gains tax.

● (2202)

There is a definite need to change the capital gains tax legislation for corporate farms. In the motion I introduced last spring I also called for the government to defer capital gains tax on corporate farms where the farm was going to be transferred from the owner, whether father or mother, to the child. This idea is not new and many members on all sides of the House regard it as a necessary amendment. The thrust of such legislation would be to extend this roll-over provision to all family farms that are incorporated if it is desired to pass them on to sons or daughters.

The predecessor of the Minister of Finance (Mr. Chrétien), explaining why such farms were not made eligible for capital gains tax deferral, stated that incorporated farms are normally larger, better financed, and spread over members of a family in order to be used for estate planning. To my way of thinking, the argument that incorporated farms are normally larger is nonsense. The truth of the matter is that many farmers, whether they have large or small scale operations, were strongly influenced some years ago by the Department of Agriculture and encouraged to incorporate. The department's support was apparently based on tax benefits that could result, as well as the more coherent estate planning to be gained from incorporation. Many farmers incorporated because of that advice.

An article in the November 16, 1976, issue of *Farm and Country* states as follows:

> Forming a farm company has brought more headaches than happiness to many farmers. Producers who heeded earlier advice to incorporate their operations have often found themselves boxed into disadvantageous situations. Now the experts are advising against incorporation.

While this advice forewarns farmers who are considering incorporation, it does little to help those farmers who heeded that advice some years ago and have already incorporated.

The advice given at that time was sound. I should like to put on the record why they stated that farmers at that time—and it applies today—would derive some benefit from incorporation. There are five good reasons for incorporating.

First, a company can be useful for purposes of estate planning or estate freezing, depending upon to whom the shares are issued.

Second, there is preservation of capital. A farm making a net income of $20,000 would pay $5,400 in taxes. If incorporated and no salary was taken, the taxes would be only $4,800. On the other hand if the whole $20,000 were paid out—$10,000 to the farmer and $10,000 to his wife—the taxes would only be $3,800. There is obviously a benefit in taxes if a farm is incorporated.

Third, if the corporation pays the wife a salary, both she and her husband are allowed to contribute to the Canada Pension Plan, and upon retirement would draw two pensions.

Fourth, because of limited liability, any act resulting in a judgment against the company would only go against the assets of the company and not against personal assets. That does not often happen, but it is a protection available upon incorporation.

● (2207)

The last reason is that the problems of a company operation after the death of one shareholder are very much smaller than those of an individually owned operation. These are the considerations that the agrologists have been using in giving advice to farm operations about incorporation.

It is my opinion that the roll-over provisions pertaining to capital gains tax which are set out in this bill should be extended to include incorporated family farms. It is not my intention that the wealthy professionals acting as gentlemen farmers should benefit from a roll-over. To my way of thinking the roll-over should be resticted to farm operations where 50 per cent plus of the shares are owned by a bona fide farmer.

I suggest that we put a limit on the assets of a farm which would qualify. Just off the top of my head I think $1 million in assets would be a nice figure with which to start. We should at least get into the act in order to help small incorporated farms. Today $1 million is not a lot of money when we consider how the price of land and machinery is increasing so rapidly.

In addition to extending the roll-over for farm corporations I think the minister should look very seriously at moving up the valuation date for capital gains tax. It is close to six years since the date of December 31, 1971, and at that time the value of farmland was very depressed. As we look at the agricultural situation today, with rising costs and the plummeting of prices, particularly grain prices, it is very difficult for farmers to make any profit to set aside as a retirement fund. The minister should look very seriously at moving up that date so that when a farmer decides to retire and sell his operation, he can use the larger amount of funds for his retirement.

Moving on to the last part of the bill, Part IV, this part asks us to extend some $9 billion in loans to the government. This is an admission by the government that it has lost control of spending. A government which has the audacity to tell Canadians to stop living beyond their means, as the Prime Minister (Mr. Trudeau) told us recently in the Speech from the Throne, now asks parliament to approve what amounts to a $9 billion deficit. Recently the Minister of Finance told us that we should stop saving money and that we should spend it on Canadian goods. This $9 billion is larger than the total budget of the last Progressive Conservative government in this country. It is a telling indictment of a government that long ago ceased to manage that it can look upon drift in our economy as leadership. Canada has become the highest cost producer in the world. Our wages are higher than those of our leading competitor, the United States. Our taxes are amongst the highest in the world. Our transportation costs are relatively

higher than those in any other country, and that is because of our vast geography.

In terms of total merchandising trade this country has had a surplus since the early 1960's, with the exception of 1975, when our exports were severly curtailed by the recession in the United States. In the face of this evidence one might conclude that we do not have any trade problem, but our surpluses have obscured alarming trends in the secondary manufacturing area. All during the sixties there was an annual trade deficit in manufactured products of about $3 billion. This deficit has been growing since the turn of the decade. Last year it was over $10 billion. It is getting worse in every single commodity group.

● (2212)

We had been offsetting this deficit up until a few years ago by trade in our natural resource and farm products. Now the price of grain has dropped. Our dollar is worth very much less than it used to be. As well, many of our mineral and forest product prices have dropped.

How many lost jobs are we ignoring in the manufacturing sector by such a deficit? Economists tell us that a $10 billion trade deficit in manufactured goods translates into 175,000 jobs. We need policies, leadership, and confidence in that leadership to get the manufacturing sector going, and the decisions that are being made by hundreds of thousands of businessmen, consumers and people in trade unions must be the right kinds of decisions to get this country going again.

I now wish to speak on clause 13 of the bill. It deals with deductions allowed in respect of an outlay or expense incurred after September 21, 1977, for an advertisement directed primarily to a market in Canada and broadcast by a foreign radio or television station regardless of the date on which the contract of the advertisement was entered into. This gives an advantage to our Canadian broadcasting stations, the CBC, CTV and others. While I endorse the principle, I have some problems with what we are imposing on our businessmen and organizations in that we are restricting their ability to reach the greatest listening audience. As well, we may be forcing them to back a certain program or station they do not like in order to reach that audience and sell a product they are putting on the market.

A couple of weeks ago I moved a motion under Standing Order 43 to that effect that the CBC's presentation and the subject matter contained in the program "The Tar Sands" be referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts. The reasons for doing that were that they used a mixture of fact and fiction in that program.

The capability of their doing damage to the reputations of prominent figures in this country was there. I was totally disgusted with the premise that a respected radio personality came on and said that part of the program was fact and part was fiction. How were the listening public to know which was which? How were they to discern what was fact and what was fiction?

[Mr. Schellenberger.]

People soon forgot the warning and believed that the drama was all true. This was particularly so because they used look-alike characters, mimicked voices, and used real names which are still very much part of the public world. We cannot allow this kind of character assasination to go on, particularly by our public broadcasting corporation which should be respected as an educational medium as well as a medium to promote harmony and unity. If they had a charge, they should have backed it with facts, and made it. We must protect our freedom and our responsibility to the public with our every efforts. If by supporting these amendments we are in any way encouraging businessmen or advertisers to back a program of this kind, we are doing a disservice to our country.

● (2217)

In conclusion, we can no longer regard the two major issues affecting our future, disunity and worsening economic conditions, as being unrelated. The two are closely intertwined. The days of our strongest unity have been the most prosperous years of our existence. A strong economy is by no means the only answer to national disunity, but it is an essential element of that unity. If this bill does anything to strengthen our economy, it can count on our support.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I am delighted to participate in the debate on Bill C-11. Our economy is certainly in a serious state. As has been stated earlier, we are facing a $9.2 billion deficit. The minister brought in not long ago this whatever-he-calls-it, he did not call it a budget but it is a budget in everything but name, and in the days that followed, many of us on this side took exception to his smuggling it in so that he could shorten debate and cut off the opposition rather than spend the regular amount of time traditionally allotted to a budget debate. I said the budget was smuggled into the House. He was a smuggler. My hon. friend from Norfolk-Haldimand said it was bootlegged in.

I commend the minister for getting the cabinet to recant as far as the iniquitous legislation having to do with life insurance proceeds is concerned. But he did not go far enough. The legislation still contains certain clauses which will not be satisfactory to those who carry life insurance. Businessmen will be seriously affected. They have probably scrimped and saved to keep up their life insurance policies as a guarantee of security for their families, but also—and this is very important—as an ace-in-the-whole should their businesses run into difficulty and need additional financing.

At this point I must confess to some conflict of interest because I have held a life insurance agent's licence for many years, and I know that when talking to businessmen, as to many types of prospects, attention is drawn to the fact that while a policyholder is living the policy can come to their rescue if they run into hard times. From time to time businessmen go to the bank and the manager asks them to list their assets. And when they list their assets they find they are really not too liquid. One of the questions put to them is whether they have any life insurance. This is because life insurance has

a cash value and many businessmen are wise enough to carry life insurance. They are able to assign their policies to the bank and borrow money, using their policies as collateral. This is mostly in their earlier years. Now, if they take an insurance policy to a bank and put it up as security, they can borrow money, depending on their credit, at anywhere from 10 to 12 per cent. They then deduct the interest of 12 per cent as a perfectly legitimate business expense.

• (2222)

The government agrees with this wholeheartedly. With a $20,000 loan at 12 per cent interest, the interest amounts to $2,400. Yet if a person has an insurance policy with a large cash value so he can borrow on the proceeds direct from the insurance company, I can assure my hon. friend from Grenville-Carleton that the interest could be half as much. With many policies which were written a few years ago the borrowing rate is 5 per cent or perhaps 6 per cent. I do not think there are any over 7 per cent. Yet ironically, according to this legislation, Bill C-11, if the rate is 12 per cent or whatever, interest payments on money borrowed for business purposes can be deducted provided the money is borrowed from a bank. Anyone who borrows money on a policy at 6 or 7 per cent is denied that privilege. How logical is that, Mr. Speaker? Money borrowed at 6 or 7 per cent means smaller expense, and the Minister of National Revenue (Mr. Guay) receives additional income tax. I feel consideration should be given to this point.

If a person has an insurance policy with a cash value of $10,000, and the premiums paid in amount to only $9,000, if the policy is cashed in the holder pays tax on the $1,000 since this is deemed to be income for the year. I suggest that is unfair. I see no reason why the situation should not remain as it was.

Mr. Baker (Grenville-Carleton): That is grossly unfair.

Mr. Darling: That is right. I hope the Minister of Finance (Mr. Chrétien) will see fit to withdraw that provision. Again congratulations to the government for doing what it did, though it certainly did not do it out of the goodness of its heart. I am sure it did it because of tremendous pressure, not only from all across the country but also from some of my very fine friends on the government side who influenced these wiseacres in the cabinet. I hope they will continue to exert the same pressure and see that the remaining clauses are removed as well.

Another matter I want to refer to was mentioned earlier by one of my colleagues. I refer to the generous $350 grant to homeowners to update the insulation of their homes. The kicker in this $350 is that it must be included in taxable income. This will not mean too much to a great many senior citizens and those on fixed incomes because they will not pay income tax on that amount, but I believe that insulating a home could cost as much as $800, $900 or $1,000, and $350 does not go a great way toward meeting that kind of cost. Although it is a help, it is not much help if a person has to pay income tax on the $350. At the present time we are aware that the only homes which will benefit are those homes built prior to 1921. I assume on a sliding scale, as the years go on, it will be upgraded, that is, slightly newer homes will be allowed to participate in this. As I have mentioned before, the grants are higher than this in two specific provinces, namely, Nova Scotia and Prince Edward Island, where the grants are $500 and are non-taxable. Why should there be discrimination against the other eight provinces and the territories? It hardly seems fair, because the amount is little enough at $350.

• (2227)

We are in an energy crisis, and those who live in the northern part of our country know that it costs quite a bit to heat homes. As I have said, $350 is not a big amount. I hope the Minister of Finance will see fit to say that the $350 should not be taxable and classed as income. Surely that is not asking too much.

All of us are trying to conserve energy in every way possible. What better way is there than to insulate our homes to the nth degree? I hope the minister will consider that, on the basis that Prince Edward Island and Nova Scotia receive $500 tax-free. I am well aware of the fact that they are entitled to it, but when one considers some of our northern areas, in the west, in the Yukon and so on, one realizes that it requires a lot of oil, gas or whatever, to heat a house during the winter. And one must not forget that the winters are longer up north. I hope the minister will give serious consideration to the request for that $350 to be tax-free and not added to income. I am aware of the fact that certain families can well afford to pay it; but even those in the $15,000 to $20,000 bracket are paying substantial taxes. A great many of them have young families. Perhaps both the husband and wife have to work in order to make that income.

Housing is an important thing in the country's economy. I know the minister in his budget is doing his best to see that the economy will be upgraded and unemployment will be reduced. One way to do that is to make it more attractive for people to buy older homes, which they can improve and insulate.

May I call it 10.30, Mr. Speaker?

Mr. Deputy Speaker: Order, please. It being 10.30 p.m. this House stands adjourned until tomorrow at 2 p.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Tuesday, November 8, 1977

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

THE CANADIAN ECONOMY

REQUEST FOR NEW BUDGETARY MEASURES TO RESTORE FULL EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In light of today's unemployment statistics showing that unemployment levels in this country remain at crisis levels and will go higher, I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That the government introduce a budget better designed to restore full employment and stable prices and to ensure our economy will return to its real growth potential.

Mr. Speaker: The provisions of Standing Order 43 require unanimous consent for the presentation of such a motion for debate. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PROPOSED NEW BUDGET TO CREATE JOBS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Considering that the Economic Council of Canada in its annual report which was published today forecasts unemployment remaining above eight per cent until the 1980's, even after the effects of the minibudget of the Minister of Finance (Mr. Chrétien) are considered, considering that the same report points out that the recovery of the Canadian economy has been inferior to the recovery of other western economies and considering that the Economic Council recommends an additional $2 billion tax stimulus for the Canadian economy, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Minister of Finance to bring in a new pre-Christmas budget which will have as its principal focus, the creation of jobs for the more than one million unemployed Canadians.

Mr. Speaker: Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

IMPORTANCE OF ECONOMIC STABILITY IN RELATION TO NATIONAL UNITY—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the escalating economic problems that plague this country as a result of the government's inept handling of the economy, and in view of the fact that opposition members have consistently, but without success, been trying to direct the government's attention to the gravity of the economic situation, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House acknowledges that the profound, if belated, insight revealed by the minister in charge of federal-provincial relations that economic stability is the most urgent priority facing this country fundamental to national unity is one more instance where the Liberal government has belatedly adopted a position put forward by the Leader of the Opposition.

Mr. Speaker: Order, please.

REQUEST FOR MEASURES TO DEAL WITH UNEMPLOYMENT IN ATLANTIC PROVINCES—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Statistics Canada today released the unemployment figures for October which show a very substantial increase in the rate of unemployment for the four Atlantic provinces. It now stands seasonally adjusted at 13.5 per cent, an increase of over a full percentage point in one month. Newfoundland is once again leading at 17.4 per cent, up from 15.8 per cent in September, and up 3.5 per cent over the same period last year, thus setting the stage for a crisis of major economic proportions, not to mention the individual suffering that lies behind each one of the statistics. I would therefore move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House directs the Minister of Employment and Immigration to make a statement in the House at the first opportunity outlining what steps the government proposes to take to deal with the growing crisis in the four Atlantic provinces and Quebec, which, while representing 37 per cent of the total work force, already account for 48 per cent of the total national unemployment rate.

Mr. Speaker: The introduction of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ROYAL CANADIAN MOUNTED POLICE

SUGGESTED STATEMENT BY FORMER SOLICITOR GENERAL CONCERNING ALLEGED ILLEGAL ACTIVITIES OF FORCE—MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a motion under the provisions of Standing Order 43. My motion concerns the many questions surrounding the activities of the security service while the present Minister of Consumer and Corporate Affairs (Mr. Allmand) was Solicitor General. In view of the fact that to date that hon. gentleman has not only neglected to make a personal statement about his involvement and responsibility to this House, but has also been unavailable for questioning, I move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That the Minister of Consumer and Corporate Affairs be permitted to answer questions about his activities or lack of them as Solicitor General and further that he make a statement about his failure to control continuing illegal activities by officials for whom he was constitutionally responsible.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

SOCIAL SECURITY

REQUEST THAT OLD AGE PENSION BE GRANTED TO WIDOWS 60 YEARS OF AGE OR OVER—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and pressing matter.

Given the fact that widows aged 60 to 65 lose the spouse pension and since they are thus practically to return on the labour market or are forced to rely on social welfare, and given the fact that because of this blatant and inconceivable injustice these persons cannot enjoy peace of mind, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That this House urge the Minister of National Health and Welfare to put forward as soon as possible an amendment to the old age security legislation which would allow the spouse to enjoy the benefits of a rightfully entitled pensioner.

Mr. Speaker: Order. Pursuant to Standing Order 43, such a motion cannot be presented without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

FINANCE

REQUEST FOR MEASURES TO RESTORE ECONOMIC EQUILIBRIUM IN QUEBEC AND MARITIMES—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that the unemployment statistics released today show a constant and increasingly alarming rise in unemployment in Quebec as well as in the Atlantic provinces, that the steps taken by the government to fight unemployment have not given the expected results either in Quebec or the Maritime provinces, and that a serious economic imbalance is being created which runs the risk of becoming irreparable between these and other provinces, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the House urge the Minister of Finance to meet immediately with his Quebec and Atlantic province counterparts to discuss with them special measures which could help correct the current economic imbalance and eliminate in the process any new problem which might disturb our national harmony.

Mr. Speaker: Order, please. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No!

* * *

● (1412)

[*English*]

TRADE

SUGGESTION GATT NEGOTIATORS REQUEST INCREASED ACCESS TO MARKETS FOR AGRICULTURAL PRODUCTS—MOTION UNDER S.O. 43

Mr. John Wise (Elgin): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Having regard to the fact that the Canadian fruit and vegetable industry continues to suffer serious financial losses, primarily because of unfair and inadequate tariff levels, and given the fact that on November 1, 1977 the United States government gave notice to all nations taking part in the GATT negotiations that it wants increased market access for its agriculture exports, I ask leave to move, seconded by the hon. member for Lisgar (Mr. Murta):

That the government immediately serve similar notice to participating countries and that instructions be issued to Canadian negotiators to bargain vigorously on behalf of our domestic industry to ensure that Canadian farmers and food processing industries no longer bear the brunt of international trade-offs.

Mr. Speaker: Such a motion requires unanimous consent before it can be put to the House. Is there unanimous consent?

Some hon. Members: No!

RESOURCES

SUGGESTION FEDERAL OFFICIALS APPROVE OPENING NEW COAL MINE IN CAPE BRETON—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity. Premier Gerald Regan of Nova Scotia is quoted in the Toronto *Star* of October 29 as blaming Ottawa for failing to act on Nova Scotia's problems. According to Premier Regan, and I quote, "Proposals to sink another coal mine in Nova Scotia have become entangled in federal government red tape."

Since, as the minister knows, we are in desperate need of another coal mine in the province, I ask leave to move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That the federal officials involved remove such red tape in order to clear the way for the immediate opening of a new coal mine in Cape Breton.

Mr. Speaker: Presentation of such a motion under Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: No!

* * *

TRANSPORT

PROPOSED COMMITTEE CONSIDERATION OF HALL COMMISSION RECOMMENDATIONS ON MOVEMENT OF GRAIN—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity, that being the lack of public commitment by the government to recommendations in the Hall Commission Report on grain transportation in relation to, first, the elimination of the stop-off charges for storage and milling of grain in Western Canada, and, second, the elimination of additional charges for moving rapeseed meal and hopper cars and removal of present inequities in rail rates for shipping various grains and livestock products.

Because of the lack of public commitment, I would move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the Minister of Transport appear before the Standing Committee on Transportation to outline the government's proposals for the implementation of the above-mentioned Hall Commission recommendations.

Mr. Speaker: Under the terms of Standing Order 43 such a motion can only be put forward with unanimous consent. Is there unanimous consent?

Some hon. Members: No!

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

UNEMPLOYMENT—REQUEST FOR DETAILS OF EMPLOYMENT CREDIT SCHEME—POSSIBILITY OF NEW MEASURES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance I will address my question to the Prime Minister. With today's unemployment figures confirming that regional disparities in our country with respect to the jobless are widening, for example, one in five of our youth in the Atlantic provinces now being out of work and over 50 per cent of those in the construction industry in Saint John, New Brunswick, being without jobs, would the Prime Minister confirm, as did the Minister of Finance, that we shall continue to experience an unemployment level of 8.3 per cent and that 1.1 million may well be without jobs during the winter months?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I would not confirm that.

Mr. Stevens: Having regard to today's disappointing unemployment figures would the Prime Minister tell us when we may expect further elaboration of the employment credit scheme first announced by the Minister of Finance on October 20, bearing in mind that if the scheme is to have any effect on unemployment this winter it must be implemented immediately?

● (1417)

Mr. Trudeau: Well, Mr. Speaker, the minister did indicate, as we have already indicated in the Speech from the Throne, that we wanted to move forward with this plan. We would be very appreciative if the opposition would co-operate in getting the stimulative measures which are now before the House passed, notably the tax cuts which the minister has moved, so that we can pass on to the next measure.

Mr. Stevens: A final supplementary question, which again I will address to the Prime Minister, Mr. Speaker. The Prime Minister asks us to expedite that piece of legislation, but as he will realize, the bill was introduced only yesterday. With unemployment becoming more and more chronic in the country, particularly in Quebec where over 40 per cent of those out of work and looking for jobs have been out of work for three months or longer, would the Prime Minister indicate whether we have seen his entire government's program to relieve unemployment? Has it all been announced to the extent that it is available? In short, did he come up with any new plans which we could hear about while he was snorkeling in the Bahamas?

[*Translation*]

REQUEST FOR MEASURES TO RESTORE ECONOMIC EQUILIBRIUM IN QUEBEC AND MARITIMES

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Minister of Finance. Considering the

statistics released this morning which show that problems are increasing in Quebec and the Maritimes, is the minister willing, under the circumstances, to summon immediately the finance ministers of those provinces so that together they may find solutions to correct that economic imbalance at the national level?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, about a month ago I had the opportunity to meet all finance ministers for two days in Ottawa. We dealt with those problems and I told them about the general steps taken in the budget. By and large the finance ministers of Quebec and the Maritimes entirely agreed with the economic policy which I intended to follow.

INQUIRY AS TO MINISTER'S USE OF $100 MILLION PROVINCIAL CREDIT

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to ask a supplementary question. I know that the Minister of Finance has referred to a $100 million credit for direct employment. Would he be prepared to tell us soon whether this $100 million will be spent mainly in these provinces, and could he tell us today to what type of program this $100 million will be allotted to correct the situation in these provinces?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in the bill I introduced in the House yesterday, we are using for the first time a formula providing for particular tax incentives for the Maritime provinces and Gaspésie. Instead of credits of 5 per cent, we are allowing credits of 10 per cent and 7½ per cent for the rest of the province of Quebec. It is the first time our tax policy includes incentives of this nature which are to be applied on a regional basis.

INQUIRY WHETHER GOVERNMENT WILL AID CONSTRUCTION OF CONGRESS CENTRE

Mr. Roch La Salle (Joliette): Mr. Speaker, I have another supplementary. The Minister of Finance met recently with the ministers of the province of Quebec who are responsible for economy-oriented departments, and I do not think we have heard any details about this meeting as yet. Is the Minister of Finance in a position to tell the House today what kind of concrete proposals were discussed and whether his government has made a decision on the funding of the congress center proposed by the government of Quebec in Montreal?

Hon. Jean Chrétien (Minister of Finance): As far as the last part of the question is concerned, Mr. Speaker, this is of course a decision to be made by the provincial government. They have not yet determined the site nor the style of the congress center they would like to build, so it is up to them to make the necessary decision.

As to the particular situation of Quebec, I am constantly concerned because the unemployment level rises regularly and because the factors which were responsible for a decrease in the unemployment rate in Ontario last month should have applied in Quebec. I think perhaps the government of Quebec should begin to contemplate removing the uncertainty among investors and holding its referendum as soon as possible.

[*English*]

REQUEST FOR NEW BUDGET TO CREATE JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the minister always has an excuse for his own government's failure. I should like to quote from the report of the Economic Council of Canada released this morning which states that the recovery of the Canadian economy has lagged behind that of other western countries. They suggested it has lagged behind, and, therefore, the government's excuse that we are suffering from some international problem does not hold water. Let me point out to the minister that the same council suggests we are going to have eight per cent unemployment well into the 1980's, and specifically suggested that the government ought to stimulate the economy by a further $2 billion. Will the Minister of Finance recognize at long last that his policies have been wrong and now promise the people of Canada he will bring in a budget before Christmas that will produce some jobs?

● (1422)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would think that to borrow another $2 billion at this time in an attempt to buy our way out of the economic difficulties we are in would not be responsible. I think what is required is a joint effort by the federal government, the provincial governments and the private sector. It is not my belief that irresponsible action on the part of the Minister of Finance would be of any good to the nation.

UNEMPLOYMENT—MEASURES TO CREATE JOBS IN CERTAIN SECTORS OF THE ECONOMY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, that is the first time I have heard that stimulation of the consumer side would lead to unemployment or would be buying our way out. Every economist in the country except the minister's own advisers are recommending that course of action.

Considering that the real problem is a sector problem—and I agree with the minister in that regard, because the government has done nothing about it—will the minister tell us with reference to the shoe industry, the textile industry, the shipbuilding industry and/or the auto industry, all of which are in trouble now, what specific proposals his government has to produce jobs in those sectors?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am thinking of all those sectors to which the hon. member referred. In particular, last November, when I was Minister of Industry, Trade and Commerce, I took it upon myself to impose quotas in the textile industry. A number of people on the other side blamed me for having done that. In addition to

that, in relation to the construction of naval equipment, and perhaps the hon. member does not know that, we have increased from 12 per cent to 20 per cent the subsidies in that construction field. Further to that, the statistics today indicated that within a year in Canada we have created 292,000 new jobs, which is in fact 40,000 more than was predicted by the Minister of Finance in the spring.

Some hon. Members: Hear, hear!

SUGGESTED CANCELLATION OF TAX CONCESSIONS TO CORPORATIONS AND USE OF MONEY FOR DIRECT JOB CREATION

Mr. Edward Broadbent (Oshawa-Whitby): Just one million fewer than are required. If we consider the crucial manufacturing sector, comparing the number of jobs we had in October of this year with October of last year, we will find we have lost 59,000. That was a net loss of jobs in that manufacturing sector in spite of the minister's decision to give $1.2 billion in special corporate tax concessions for that industry to overexpand even more. Industry is not using that money to expand further because its directors are not stupid. Given the crucial importance of the manufacturing industry to Canada and the need for stimulation, will the minister cancel this ridiculous $1.2 billion corporate tax concession to encourage further unused capacity and use the same money in the form of direct job creation or as a tax stimulus to the consumer?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think that in the budget which I presented in the House a few weeks ago I indicated I was giving more than $700 million—

Some hon. Members: Oh, oh!

An hon. Member: It was a budget?

Mr. Chrétien: If you prefer I could call it an economic speech, but for me it was the same thing. Perhaps it was not the same thing for you.

Some hon. Members: Oh, oh!

Mr. Chrétien: I know that hon. members were complaining at the time that we were not acting. Now they are complaining that we are acting with imagination and too quickly for them.

Some hon. Members: Hear, hear!

Mr. Chrétien: The best way to improve the Canadian economy is by making Canadian products more competitive in world markets. We have taken some very important steps in that regard as I outlined in the House of Commons, specifically when I asked all Canadians to reduce increased compensation to six per cent in order that our competitive position, as compared to other nations in the world, would improve. Considering the fact that the Canadian dollar has returned to a more reasonable level I think the situation will now improve by making Canadian products more competitive in the world, and the situation will correct itself.

● (1427)

REASON FOR FAILURE TO PROVIDE EMPLOYMENT INCENTIVE PROGRAM FOR INDUSTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. To begin with, I am sure all members of the House would join me in welcoming him back to the House from his holiday where he was scuba diving while the economy was nose diving.

Some hon. Members: Hear, hear!

Mr. Hees: As a practical and workable plan containing an employment incentive for industry is our best hope, the same type of thing that I worked out and presented on January 25, 1977 in detail—and the government was well aware of the presentation I made at that time—I would ask the Prime Minister why it is that his government has waited so long and still shows no sign of presenting such an employment incentive to create jobs in our present economic atmosphere? In fact the government's plan is reported to be nothing more than having made available $100 million. Do we have to wait for the government to make up its mind as to what it is going to do?

Mr. Speaker: Order, please.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. If the hon. member for Prince Edward-Hastings has a question, perhaps he can put it.

Mr. Hees: Mr. Speaker, in view of what I have said, I ask the Prime Minister why the government has not presented an employment incentive plan such as I have outlined to him? If the government ever intends to present such an incentive, when will that time be?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am very happy to be back in the House now that the opposition is turning its mind to economic questions, rather than knocking the RCMP.

Some hon. Members: Hear, hear!

Mr. Paproski: It is all your fault.

Mr. Hnatyshyn: You will have to apologize twice today.

Mr. Trudeau: We plan to bring the tax incentive scheme for job creation, which the Minister of Finance talked about, before the House before Christmas.

Mr. Hnatyshyn: Which Christmas? I hope it is not the Ukrainian Christmas.

Oral Questions

MANPOWER

MEASURES TO INCREASE EMPLOYMENT IN ATLANTIC PROVINCES—CONSULTATION WITH PROVINCES

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Employment and Immigration. Given the fact that the Statistics Canada report on unemployment today indicates that the five eastern provinces of this country, while representing only 37 per cent of the work force, have more than 48 per cent of the total unemployment—for example, 13.5 per cent in the Atlantic provinces and 11.4 per cent in Quebec; given the fact that the Economic Council of Canada in its report indicated that job creation incentives of the minister are not enough and that new initiatives are needed; and given the crisis situation we are facing in the Atlantic provinces and the province of Quebec, my question to the minister is: what response can the unemployed of those provinces expect from him as the Minister of Employment and Immigration?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, from time to time we have the doom and gloom emphasis of the hon. member; but in so far as his particular province is concerned—

An hon. Member: When you lose your home, it is pretty sad.

Mr. Cullen: Do you want to hear some figures? I have listened to the shouting. Perhaps we should hear some facts. Institutional and industrial trade for 1977-1978 for the province of Newfoundland alone will be $13.3 million; 8,000 jobs on Canada Works Phase II; 3,200 jobs on Canada Works Phase I; and Canada Works, 3,000 jobs.

Some hon. Members: Oh, oh!

Mr. Cullen: These were initiatives taken by the government recognizing the situation and not waiting for reports from OECD, from any other agency or newspaper headlines.

Some hon. Members: Hear, hear!

Mr. McGrath: Mr. Speaker, I wish the minister would tell that to the 100,000 people in the Atlantic provinces who are unemployed.

Some hon. Members: Hear, hear!

● (1432)

Mr. McGrath: Mr. Speaker, notwithstanding what the minister has said, 40 per cent of those looking for work have been unemployed for three months or more; their unemployment insurance benefits have thereby expired. Given the tragedy behind all these statistics, I ask the minister sincerely what he intends to present to the employment ministers of the four Atlantic provinces with whom he will meet on November 15. Is he prepared to broaden that meeting to include the manpower minister from the province of Quebec, and is he prepared to tell the House that indeed new initiatives are necessary in order to prevent what everybody but the minister recognizes will be a crisis this winter?

[Mr. Hnatyshyn.]

Mr. Cullen: Mr. Speaker, there was quite a bit in that speech. I think I should respond first by saying that I have pointed out to the unemployed people in the Atlantic provinces that these initiatives are being taken and that there is some hope. The gloom and doom approach of the opposition is not very helpful.

In so far as the meeting with the Atlantic ministers is concerned, that meeting is their initiative, and I have agreed to meet with them. They are meeting with me here in Ottawa, and I am prepared to meet with the minister from Quebec if that should be that minister's wish. However, they are the people setting the terms and conditions, and they are the people bringing other representations to me. In the interim we are looking at things like the spruce budworm situation in Nova Scotia to see what can be done. We are looking at the Gull Island project to see if something can be done there by way of an emergency response by the Canada Works program. There is a myriad of things. We recognize that we have a problem, particularly at this time. There has always been seasonal unemployment in that area, but we do not give up hope like the hon. member does.

Mr. McGrath: Mr. Speaker, this gloom and doom does not come from me; it comes from Statistics Canada. Given the fact that there has been an increase of only 6,000 jobs in the labour force of the Atlantic provinces so far but that there has been a net increase in the number of people coming on to the labour force of 20,000, a lag of 14,000 in this region alone, is the minister prepared to recognize that job creation programs, commendable and necessary as they are, by and of themselves are not enough? We need more right now.

An hon. Member: We always need more.

Mr. Cullen: Mr. Speaker, let us consider that thanks to the representations made by hon. members from Newfoundland—primarily on this side of the House—Newfoundland stands fourth in the gross amount of money made available under Canada Works and Young Canada Works. No one is suggesting that the government alone can meet this particular problem. It is not something which can be solved by one department alone. That is why I hope the initiatives taken by the Minister of Finance will receive speedy passage. They were introduced yesterday or the day before, and I say let us get on with those initiatives and create some jobs.

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REGIONAL ECONOMIC EXPANSION

PLANS TO MODERNIZE SYDNEY STEEL MILL—GOVERNMENT POSITION

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In light of the latest tragic unemployment figures

released today and in view of the continuing, nauseating increasing unemployment figures on Cape Breton Island and eastern Nova Scotia, where at the moment it reaches 30 per cent—those are not my figures; they come from academics, clergymen, chambers of commerce and labour—what steps is the minister and his government taking at the moment, and what steps have been taken with the premier of Nova Scotia or the President of Sydney Steel Corporation, to provide the necessary funds to modernize and rejuvenate the Sydney steel mill? That would create more jobs.

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, during the last few years my department and DEVCO in particular have invested each year an average of $40 million in Cape Breton to support and develop existing businesses and create new ones. That is what we have done. We are now considering a subsidy application from SYSCO for a plant upgrading program and we hope that a decision will soon be taken in that regard.

[*English*]

Mr. Muir: Mr. Speaker, the hon. gentleman seems to be a bit confused. I asked a question about SYSCO, not DEVCO. I asked about the Sydney Steel Corporation. In view of the fact that the minister and other ministers sitting over there have told me in the past that moneys would be made available for modernization and rejuvenation of the Sydney Steel plant and that they have also made statements outside the House—and I should warn the minister and the government that if something is not done on Cape Breton Island we will have severe unrest this winter—for God's sake what is the minister, the Prime Minister and this government going to do?

Mr. Lessard: Mr. Speaker, obviously the hon. gentleman missed the latter part of my answer. We have received an application from SYSCO—

Mr. Muir: I know that.

Mr. Lessard: —with regard to a proposal to modernize the existing facilities. This is being considered, and a decision should be arrived at very soon. However, that is only part of our activities in support of the economy of Cape Breton Island. The hon. gentleman knows very well that we have been very active in trying to bring industries and all kinds of development to Cape Breton Island over the last few years.

Mr. Muir: Mr. Speaker, since we have been assured that money is going to be provided to rejuvenate the Sydney Steel plant, and the minister says soon, is it going to be next month or the month after, or do we have to wait until there is a provincial election or a federal election and let these poor people be used as pawns in an election?

Mr. Lessard: Mr. Speaker, election or not, every year we have been spending money through DEVCO and other agencies in Cape Breton, in Nova Scotia and in the maritimes, and we will carry on doing so for the purpose of meeting the needs of these people.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER FORCE MADE ILLEGAL RAIDS BEFORE 1973

Mr. René Matte (Champlain): Mr. Speaker, my question is directed to the Solicitor General.

In view of the revelations made with regard to the Royal Canadian Mounted Police activities in 1973, which actions were revealed by the minister himself, can the minister tell the House whether or not he has checked to see if similar activities took place prior to 1973, and more specifically during and before the October 1970 crisis?

Hon. Francis Fox (Solicitor General): Mr. Speaker, naturally, following my statement to the House in June of last year, we examined our files in an effort to determine whether or not the RCMP might possibly have committed other illegalities. As a result of that decision, Mr. Speaker, we decided to refer the whole matter to a royal commission of inquiry set up by the federal government whose terms of reference include the study of all practices and procedures, and the calling in of witnesses and taking of their depositions under oath to determine whether or not there may indeed have been other illegal activities. Mr. Speaker, I feel that that is now the responsibility of the commission. In any event, even if I were to say yes or no to the hon. member in this House, he would not be satisfied with my answer. To some extent that is why, Mr. Speaker, we ourselves set up a royal commission of inquiry in order that this type of activity might be completely brought to light.

Mr. Matte: Mr. Speaker, I have a supplementary. I would ask the minister to be more specific since this is a very serious issue. Has he obtained, in respect of events of 1970, the same kind of information he has had about those of 1973? This is a very specific question.

Mr. Fox: The question is extremely specific, Mr. Speaker. If my understanding of it is correct, it asked whether there were before 1970 indications of the type referred to in connection with the 1972-73 period. The answer is extremely clear, extremely specific. I have had no indication whatever of that type of activity in the period referred to by the hon. member.

* * *

[*English*]

TRANSPORT

ST. LAWRENCE SEAWAY—SUGGESTED MODERATION OF PROPOSED INCREASE IN TOLLS

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is to the Minister of Transport. Given the serious divergence of opinion as between the St. Lawrence Seaway Authority and the many well informed users of the seaway from Sept Iles to Thunder Bay, who believe that the near doubling of the tolls will create disastrous results, possibly some diversion of iron ore from Sept Iles to Philadelphia and

grain perhaps through the Mississippi system, is the minister looking at these serious concerns, and will he come up with a proposal which is a little more moderate than the present proposal and also a little more in keeping with the spirit of the anti-inflation program?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the question of the impact of the St. Lawrence Seaway tolls upon shipments through the seaway was taken very fully into consideration before proposals were made in relation to those tolls. I am not surprised that those who actually have to pay tolls would prefer lower rates. That is the group from whom we have been hearing. The fact is that other costs of transportation have increased much more in the period since 1959, and no toll increases have taken place since then. The new tolls will represent, generally speaking, a smaller portion of transportation costs than the tolls did in 1959. They will represent a smaller portion related to the value of the goods than was the case in 1959. While any increase may be cited later as a reason for one or other particular diversion, I think these facts should be borne in mind when analyzing that and recognizing that other costs have been increasing much more. I am confident that the volume of goods going through the seaway will continue to increase quite remarkably over the next three or four years, notwithstanding our going to a more sensible financial arrangement in relation to tolls.

* * *

● (1442)

MANPOWER

ALLEGED FAILURE OF PROGRAMS TO REDUCE UNEMPLOYMENT AMONG YOUNG PEOPLE—GOVERNMENT ACTION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Minister of Employment and Immigration. Today's figures show that unemployment among young people continues to run at two and a half times the unemployment rate for those over 25 and that this trend is accelerating. Will the minister tell the House why this government's programs to reduce unemployment among young people have failed so dismally and what he intends to do about this problem?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, if there were an area of major concern, it is the fact of youth unemployment. That is why I will be attending a meeting of the OECD in Paris to discuss with my colleagues from other countries the same problem that is being faced by them. In addition, we have a series and a myriad of programs that are in place. Our job experience training program for the summer will be increased sixfold for the winter component. We will be looking at that as only one of several avenues to be taken in dealing with what is a very, very difficult problem.

[Mr. McRae.]

THE CANADIAN ECONOMY

GOVERNMENT MEASURES TO REDUCE LEVEL OF UNEMPLOYMENT AMONG YOUNG PEOPLE

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my supplementary question is for the Minister of Finance. The 1977 Review of the Economic Council of Canada forecasts unemployment rates of seven per cent or more into the 1980's. It notes that if their projections are correct the extra $150 million federal winter works projects and the new $100 million employment credit program will not be sufficient to bring about the reduction in either youth or adult unemployment that is needed. It cautions that additional measures at both levels of government are likely to be necessary in both 1978 and 1979. May I ask the minister what action he is prepared to take to reduce this level of unemployment among young people which is currently at the level of 383,000 young Canadians?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the most efficient step at this time would be to restore throughout Canada a spirit of confidence and a new belief in this country's future. In the budgets that were put forward we have stated I believe that there was no way the problem could be solved by a government or governments, the private sector must assume its responsibilities. For that reason we have decided to reintroduce the measures put forward by my predecessor the hon. member for Rosedale. It is our hope that the incentives proposed last spring in the budget, together with my economic statement of this fall, will create the kind of climate that is desirable for a strong economic recovery in Canada.

* * *

[*English*]

EXTERNAL AFFAIRS

FRANCE—POSSIBILITY OF PROTEST OVER DECORATION AWARDED PREMIER OF QUEBEC

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is for the right hon. Prime Minister. In view of the statement of the French premier, Raymond Barre in which he rebuffed the protest expressed by the Canadian ambassador, Mr. Gerard Pelletier, over the award of a high decoration to the premier of Quebec and who is quoted in the newspapers as saying that the French government is well brought up in the rules of international courtesy, does the Canadian government intend to express any further diplomatic initiative in reply to this statement?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, beyond pointing out to the people of Quebec, as I believe the Minister of Finance did the other day, that Quebec would be more interested in receiving investment from France as Saskatchewan, as Alberta or Nova Scotia does, than receiving medals.

Mr. Ritchie: A supplementary question, Mr. Speaker. Does the Prime Minister and the government regard the expression as being within the rules and parameters of diplomatic usage?

[*Translation*]

Mr. Trudeau: Well, once more, Mr. Speaker, that matter of medals has less significance to the Quebec people than that of investments. But as everyone knows, while France has numerous investments in other Canadian provinces, it seems that in Quebec the government will be satisfied with medals. I do not think the significance is any greater than that.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

BREAK-IN AT L'AGENCE DE PRESSE LIBRE—DISPOSITION OF INSPECTOR VERMETTE'S LETTER

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the right hon. Prime Minister. No doubt it has been called to the attention of the Prime Minister that Senior Inspector Vermette, six weeks after the break-in at the APLQ, wrote to the Ottawa headquarters of the RCMP suggesting or recommending that matters in regard to the break-in be put at the disposition of the Prime Minister and/or the Security Council "because of the present political climate." I should like to ask the Prime Minister if he has checked to see if Inspector Vermette's advice or message was conveyed to anybody within the RCMP and if so, to whom?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, whether it would be conveyed to someone within the RCMP I believe would be a question to be directed to the Solicitor General. So far as it being directed to my office or myself, we have checked and there has been no reference of that kind.

Mr. Brewin: A supplementary question which I think directly relates to the Prime Minister and his responsibilities. The suggestion that was made was that the matter also be called to the attention of Mr. Walter Luyendyk, who I understand was assistant secretary to the Cabinet committee on security and intelligence. Can the Prime Minister say whether in fact this break-in was called to the attention of the assistant secretary of the Cabinet committee at or about this time?

Mr. Trudeau: Mr. Speaker, I will check into that. I do know that if it was it certainly was not called to my attention but I doubt very much if it would have been called to the attention of the assistant secretary of Cabinet.

* * *

[*Translation*]

AIRPORTS

REQUEST THAT LANDING STRIP AT ST. LEONARD BE EXTENDED

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, I have a question for the Minister of Transport.

Since a 4,000-foot runway is under construction in St. Leonard for the northwestern New Brunswick airport, and since Eastern Provincial Airways filed an application with the Canadian Transport Commission to add St. Leonard to their flight schedule, is the minister inclined to recommend immediately that the runway be extended to 6,000 feet, and also to go forward with other airport projects in the Atlantic area, to improve significantly the chances of survival of the regional air carrier designated by the government?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am certainly prepared to discuss an even longer runway than that presently planned for St. Leonard. I will be going to Grand Falls on November 21 and will be glad to discuss that issue with the airport commission at that time. Of course, airports in the Atlantic region have been receiving a good deal of attention from us because, in addition to the improvements at St. Leonard, work is going on at Charlo, Wabush and Gander. I am happy to say we have today announced the decision to proceed with the major new improvements to the airport on Prince Edward Island.

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ROYAL CANADIAN MOUNTED POLICE

BREAK-IN AT L'AGENCE DE PRESSE LIBRE—REQUEST FOR REPORT ON DISPOSITION OF LETTER FROM INSPECTOR VERMETTE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister and follows along the lines of the questions asked by the hon. member for Greenwood. In his answer the Prime Minister said with certainty that the communication referred to had not come to him. As he will recall from published news reports, the report was that the recommendation had been that it go either to the Prime Minister and or ministers. I assume since the Prime Minister has investigated his own case he has also investigated the case of his ministers. Can he give us a categorical assurance today that the communication referred to did not go to any of his ministers as well? If he cannot give us that today will he give an undertaking to report tomorrow? I understand he is going to be away again tomorrow so could he have somebody report tomorrow both upon whether there was a communication to any minister and whether there was a communication to the official of the Cabinet committee on security and intelligence?

● (1452)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as far as the last part of the question is concerned, I just gave the undertaking to the hon. member for Greenwood. In so far as other ministers are concerned, the Solicitor General would be the minister to whom it would be conveyed other than myself. He has already stated that he did not receive that communication. I can ask him to ascertain once again that fact.

Mr. Clark: We are dealing here with the Solicitor General at least twice removed in this case. Are we to understand we now have from either the Prime Minister or the present Solicitor General an assurance that the correspondence or report referred to did not come to either the present Minister of Consumer and Corporate Affairs, the present Minister of Supply and Services or the present Solicitor General? Is that the case?

Mr. Trudeau: If the question is related to the break-in of the APLQ, yes, that assurance has been given to me by the previous Solicitor General.

ALLEGED ILLEGAL ACTIVITIES—POSSIBLE LIMITATION ON DISCLOSURE BY MINISTERS TO McDONALD COMMISSION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a related question. It relates to the policy of the Government of Canada concerning testimony that the Prime Minister of Canada will be giving when he responds to any subpoena that might come from the McDonald royal commission. I would like to know whether it will be the policy of the government of Canada to have limits upon the full disclosure of the role of the Prime Minister or any minister in any matter before the McDonald inquiry.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, "in the modern world, governments have to authorize and follow some secret activities."

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, I am not sure from where that quotation came which the Prime Minister so carefully read, but I would like him to stop keeping secrets from the House of Commons on the question of policy of the government. Is it the policy of the government that in any testimony he gives under subpoena to the McDonald royal commission there will be any limits upon the full disclosure of his role or the role of any minister in any matter relating to the terms of reference of the commission of Mr. Justice McDonald?

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition wants to know from where I got that quotation. I got it from page 453 of *Hansard*. I was reading the beginning of the speech of the Leader of the Opposition.

Mr. Clark: Mr. Speaker, this may appear to the Prime Minister to be good grammar, but I remind him that this is the House of Commons of Canada where he is responsible to parliament on questions relating to the policy of this government. Three times I have asked him what is the policy of his government on this question. Twice, as usual, he refused to answer questions on policy in this House. I would like him now to answer that question.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, I do not think the Leader of the Opposition should be saying I am downgrading the House of Commons when I share his opinion. Even the Leader of the Opposition realizes there are some areas of government which might operate in secrecy. Having stated that very wise piece of policy, I read in vain all of his speech on Monday night of last week and found nothing constructive as to what the policy should be for the government on revealing or not revealing what should be kept secret.

If there were a subpoena, and the question is hypothetical, issued to any member of this government, he would be guided by the law officers of the Crown as to what he would be entitled to say or not say under the Official Secrets Act. I can say for my part and the part of all members of my government that we would be anxious to tell the commission everything we knew. However, as the Leader of the Opposition has stated, there may be some areas which must be kept secret and we would be guided by the law officers of the Crown in that regard.

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REGIONAL ECONOMIC EXPANSION

ALLEGED FAILURE OF DEPARTMENTAL PROGRAMS—POSSIBILITY OF CHANGE OF POLICY FOR ATLANTIC REGION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I want to deal with a problem equally as pressing to those in the Atlantic provinces. I direct my question to the Minister of Regional Economic Expansion. In the words of the minister's colleagues, the regional economic programs of his department have failed. The Economic Council of Canada indicated in its second last report and other working papers that there is a surplus potential for development in the Atlantic provinces which has not been tapped. It can be tapped by an application of fiscal policies far beyond those suggested by the Minister of Finance the other night. Does the minister agree that it is now time to propose to his colleagues the very serious proposition that the basic philosophy and utilization of DREE, AIDA and other programs have failed and suggest a change in basic primary philosophy?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I obviously do not share the hon. member's point of view that the activities of DREE have been a failure. At the APEC meeting in Halifax the other day, the discussion, as I understand it, was that although DREE had not achieved all the expectations, it was not a failure. The support we receive from groups in the Atlantic area will be of great help in achieving solutions and new programs in that area which will help to alleviate unemployment. We are working with the people in the area as well as the provincial government in an attempt to bring in that development.

Mr. Forrestall: Has the minister given consideration to changing the basic program and finding a program to alleviate the very desperate situation with regard to economic development in the Atlantic region? Is he saying that at this time consideration is not being given to the development of a new

philosophy and policy with regard to the development of the Atlantic economy?

Mr. Lessard: Mr. Speaker, the development program we have at present with each of the provinces is a very flexible mechanism. It can respond to any firm proposal from individuals as well as provincial governments. Through that mechanism we are engaged in promoting development of the area. We are in full consultation and cooperating with the provinces and private industry in this matter.

ECONOMIC COUNCIL STATEMENT LEVEL OF UNEMPLOYMENT EIGHT PER CENT UNTIL 1980—GOVERNMENT POSITION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a related question for the Minister of Regional Economic Expansion. It concerns the lack of concern shown by the Prime Minister and the Minister of Finance regarding the state of our unemployed. The minister is probably aware of this report which was recently released by the Economic Council of Canada. It states that even with the measures announced in October by the federal Minister of Finance, the unemployment rate will probably remain above the eight per cent level until the 1980's. In my view, that means we will be faced with an eight per cent unemployment rate until 1980 affecting some 1.3 million people. Does the minister agree with that statement? If not, what is the rate and the target that his government is proceeding with right now?

● (1502)

Hon. Marcel Lessard (Minister of Regional Economic Expansion): I have not seen the report the hon. member quoted; it was issued only this morning. But we are working on a joint effort with provincial governments all over Canada, particularly in the Atlantic provinces, in conjunction with the private enterprise system. That is what we are doing. It is not only our responsibility. It is a responsibility shared with all three elements involved. We are doing everything possible to expand the opportunities available, to bring about development and reduce the number of the unemployed. It is not an easy task, but we are facing it.

Mr. Alexander: I wish the minister would quit foot dragging with me. I asked him a specific question. I asked him whether he accepts the statement of the Economic Council that we shall be faced with unemployment running at over eight per cent until the 1980s, and, if he disagrees with it, what target is the government considering. Don't play games, Sir. This is a very serious matter.

Some hon. Members: Hear, hear!

Mr. Lessard: I am not playing any games with the hon. gentleman. I am not agreeing with any figures. What I am aiming to do is to reduce unemployment. There is no set level in my mind. My level will be enough jobs for all who wish to work.

Some hon. Members: Hear, hear!

PRIVILEGE

MR. BALDWIN—ALLEGED "BUGGING" OF MEMBERS' OFFICES—PRIME MINISTER'S REMARKS

Mr. Speaker: Order. There are two procedural matters outstanding. There is the question of privilege raised by the Leader of the Opposition on Thursday of last week concerning remarks made by the Prime Minister, and there is also the point of order raised by the hon. member for St. John's East concerning documents allegedly cited by the Solicitor General and by the Prime Minister. It would be appropriate, perhaps, to take first the question of privilege which is outstanding. A contribution was made initially by the Leader of the Opposition, while reserving his right to make further argument. Perhaps we might hear further argument at this time. I might add that the motion outstanding on the question of privilege is in the name of the hon. member for Peace River. The hon. member for Peace River.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I was, of course, following the excellent and wise course taken by the Leader of the Opposition when he first rose on this question. Despite all my yammering, friends opposite may say, it was legitimately and properly raised by the Leader of the Opposition who, unlike the Prime Minister does feel the House of Commons has an important part to play.

This is a very precise case, and the facts are fairly simple. I think probably the Prime Minister lost his cool. However, he has had an opportunity to cool off in the Bahamas. He should have taken the advice he so often gives to other people, to go placidly amid the noise and haste and remember what peace there may be in silence. At any rate, the Prime Minister, as reported at page 600 of *Hansard,* said this:

> They can stand in their places and challenge them, if they have the courage, but I would suggest the way to do it is not by hiring private detectives, as that party does, and not by having some phony bugs planted in their office, which is the way they do it.

The right hon. gentleman might have been in a mood of impotence—

Some hon. Members: Oh!

Mr. Baldwin: —or political frustration. Leaders of governments often get into that position, especially when their governments are like the one he leads, and I sympathize with him in this respect. But when the statement to which I have just referred was called to the attention of the Prime Minister by the leader of my party, he saw fit to compound his offence by saying:

> I have not, of course, said that he has been involved. I said the inference might be that members of the other party, no one particular person but the party itself—

After that, the Minister of Justice rose and said, in the course of a limited intervention, that what had been complained of constituted a criminal offence. Put those two together and there is no other inference to be drawn than that the Prime Minister was suggesting that members of Her

Majesty's Loyal Opposition stood suspected of having committed a criminal offence.

If the Prime Minister had seen fit, when I started, to get up and make a generous withdrawal, it might not have been necessary to have taken the matter further. However, I do not see a look of generosity on his face at the moment, so I shall continue. It may be argued that this was a statement made against a number of members who were unnamed.

I would call to Your Honour's attention a number of precedents and, in particular, a very interesting brief by Mr. Laundy of the Library of Parliament research branch, dated May 28, 1969, in which reference is made to a famous case in England where a number of Conservative members who were holding private meetings in connection with government business were the subject of allegations that they were selling private information for food and drink provided by the press gallery.

Mr. Gillies: It could never happen here.

Mr. Baldwin: The following is from a report which was made by a committee which considered the issue:

> An unfounded imputation in regard to such meetings involves an affront to the House as such. Your committee consider that an unjustified allegation that members regularly betray the confidence of private party meetings either for payment or whilst their discretion has been undermined by drink, is a serious contempt.

I maintain that what the Prime Minister said against us is such a statement as to bring the proceedings of the whole House into disrepute. In reverse, if the Prime Minister is allowed to make a statement of that kind, I would be perfectly justified in saying what millions of people may believe—I am putting it forward hypothetically—that it may well be that the government instituted the irregular proceedings which were complained of many years ago, knew about them immediately afterward, and has covered them up ever since. If the Prime Minister is allowed to make the kind of statement he has made, then I am entitled to make such a statement; one which, for the present at least, I have put forward hypothetically.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member for Peace River has made my task considerably easier by the conclusion he has just reached. If I were able to make that general statement last Thursday, then surely that side of the House would be able, without breaking the rules of the House, to make general statements about this side having covered up an illegal act. Mr. Speaker, they have been saying nothing else for the past week.

Mr. Hnatyshyn: Shame.

Mr. Trudeau: The hon. member may say "Shame", but to demonstrate the reality of the case put forward by the hon. member for Peace River, all I had to do was read one day's *Hansard* of last week. I chose Monday because members opposite made a lot of speeches that day. But Your Honour will note that during the whole of the week, if one accusation was made about a cover-up, there were 100. I shall refer to some of them—not to the entire 100, of course. Stop me when you have heard enough. I intend to say, Mr. Speaker, that the Tory party is a bunch of cry babies.

• (1512)

Some hon. Members: Hear, Hear!

Mr. Trudeau: They have been accusing the government, and not only the government but named ministers, myself and the Solicitor General, of an incredible number of illegal acts, not only by innuendo but by direct accusation. "Cover-up" is the phrase which is used all the time. They say there has been a cover-up of illegal acts, making the government an accomplice to illegalities committed by the RCMP, and so on.

Mr. Speaker, it seems to me that in this House, Speakers have frequently ruled that when the accusation is general, when it does not relate to a particular member, it is translated by a form of argument or suspicion. I was faced with the hon. member for Central Nova who, after having discovered a listening device in his office, accused the RCMP, said that he suspected them, and then went on to say—

Mr. Stevens: You are wrong.

Mr. Paproski: Read *Hansard*.

Mr. Trudeau: They ask me to read it, Mr. Speaker, and I will; but first let me outline my argument. I am faced with a member who impugns the RCMP and the services with having bugged him. I reverse the charges, Mr. Speaker. I say that if the hon. member for Central Nova has cause to suspect the RCMP, and I suggest he does not, then we might have cause to suspect the Tory party. After all, this bug was discovered on Monday afternoon of last week by an investigation officer who happened to be in town on that particular day.

Mr. Chrétien: With the proper instrument.

Mr. Trudeau: With the proper instruments for debugging. He found a bug that could only have been placed, if the timing is correct, on Friday afternoon after the Solicitor General had made a statement on security. It all looked very suspicious, Mr. Speaker, but I told the House that I did not have anything more than suspicion. Your Honour can judge whether the kind of suspicion that I direct toward the Tory party is any different, not from suspicion but from the dozens and hundreds of direct accusations which they make in this House all the time about the government being dishonest, crooked, covering up and everything else. Let me read a few quotations, Mr. Speaker, from the hon. member for Central Nova, since I am asked by the opposition to do so. I read from several newspapers. If it were only one, perhaps we could wonder what the member had—

Mr. Baker (Grenville-Carleton): Surely, Mr. Speaker, the Prime Minister is not going to be allowed to read excerpts from the press. This was said in the House.

Mr. Clark: And I have *Hansard* here, sir.

Mr. Trudeau: The opposition does not rely on the press gallery, Mr. Speaker. It does not believe that one newspaper can be relied on to report correctly the hon. member for Central Nova.

Mr. Clark: Your statement was made in the House of Commons.

Mr. Trudeau: Here is a quotation from the London *Free Press* for November 1, 1977:

—MacKay indicated "right off the top, I would have to say that those who would have motivations to put it there—"

That is, the bug.

"—would be some of the people in the security services."

Then the Toronto *Star* for November 1:

"Among the people who would have a motivation to do this would be some people in the (RCMP) security service or possibly Robin Bourne's group".

The *Globe and Mail*, November 1:

However, he said it was obviously planted by someone who had "some expertise". While he acknowledged that it could have been planted by a private detective, he said it seemed more like—

Mr. Baker (Grenville-Carleton): Mr. Speaker, do you realize the precedent you are setting?

Mr. Speaker: Order, please. In respect to the point about the accusations previously made by the hon. member for Central Nova, it seems to me that the introduction of quotations of that hon. member in respect to that event are relevant to the argument. Two or three quotations have been given, but I do not think it is necessary to go on at any greater length. The point is well taken. Perhaps we could move on to another point.

Mr. Trudeau: All right, Mr. Speaker, I will not go on, but I can assure you that the next day, in different newspapers, the same kind of accusation was made by the hon. member for Central Nova. Whether it was made in the House or outside the House, the fact is that the RCMP was dragged in the dirt by the hon. member for Central Nova.

Some hon. Members: Hear, hear!

Mr. Trudeau: The opposition suspect the RCMP. I suspect the Tory party. If Your Honour rules that that kind of suspicion is not becoming of the House of Commons, I will withdraw it. I would just suggest—and I am completely in accord with the hon. member for Peace River—that if I cannot make that kind of general statement in the heat of debate, when I have been constantly interrupted and heckled by the opposition—

Some hon. Members: Cry baby.

Mr. Hees: Get out your crying towel, Pierre.

Mr. Trudeau: Now it turns out that I am the cry baby, Mr. Speaker. I did not raise a question of privilege when in this House the leader of the NDP and Tory members one after the other stood and accused the government of cover-up and worse. I was not crying about that. I simply said that if they wanted to suspect us, go ahead and say so; but let us hear what they think about government policy in regard to the RCMP. Let us hear them state it. Let me read once again what they said, Mr. Speaker, though I do not know whether I should start at the beginning or at the end.

Mr. Broadbent: No.

Mr. Trudeau: Perhaps I will start with the leader of the New Democratic Party. As reported at page 415 of *Hansard*, he moved a motion condemning the government, and most specifically the Prime Minister for his implication in the cover-up. I will skip over the members of the Creditiste party because they had a lot to say. Let me read what the hon. member for Peace River had to say. He moved a motion, but he had other things to say, and I will join him a little later, Mr. Speaker. Then the hon. member for Perth-Wilmot had this to say, as reported at page 417 of *Hansard*:

My motion relates to statements by the Prime Minister (Mr. Trudeau) and by the Solicitor General (Mr. Fox) condoning illegal activities—

I turn now to the hon. member for Prince George-Peace River, on the same page:

Having regard to serious allegations of a cover-up by the government and especially the Solicitor General of Canada—

Again the phrase "cover-up", Mr. Speaker. I now quote the Leader of the Opposition, page 419 of *Hansard:*

Mr. Speaker, in the interests of the continuing cover-up—

That is, by hon. members opposite. Who, Mr. Speaker? Us? We are covering up? Is the Leader of the Opposition accusing us of something? Are we crying and asking him to withdraw each time he says something like that?

Mr. Hnatyshyn: You should have; it would have shown your bona fides.

● (1522)

Mr. Trudeau: I should have? I will do it now.

An hon. Member: It's too late.

Mr. Trudeau: The hon. member for Saskatoon-Biggar says I should have raised a point of order.

Mr. Hnatyshyn: If you were really bona fide, you would have.

Mr. Trudeau: If I were really bona fide, you say. I am just following the invitation of the hon. member for Peace River who suggested that if I could say that, then they should be allowed to say it too. They have been saying it all along. Let me continue my quotations. Again we hear from the Leader of the New Democratic Party, who said:

I do not use the word lightly and I use it carefully.

That is a bit of drama, Mr. Speaker.

Some hon. Members: Oh, oh!

Mr. Trudeau: He went on:

I think we are clearly involved in a cover-up in this matter involving the cabinet.

Another accusation, Mr. Speaker, in pretty specific terms.

An hon. Member: Pure corn.

Mr. Trudeau: I said I was going to quote the hon. member for Peace River. He said:

—it being quite clear that under the doubtful use of security and for probably illegal methods this government and its agencies have had no compunctions about making improper inquiries into political parties and politicians—

Some hon. Members: Oh, oh!

Mr. Chrétien: The gentleman from the west.

Some hon. Members: Oh, oh!

Mr. Alexander: Order; Mr. Speaker has risen.

Mr. Speaker: Order, please. The right hon. Prime Minister began by indicating the purpose for the quotations, and the purpose is relevant to the argument; there can be no question about that. He also extended to the Chair the invitation to stop him when I heard otherwise.

Some hon. Members: Oh, oh!

Mr. Speaker: The point is, indeed, serious and relevant, but I think it has been documented in respect of the general accusations by members on one side or the other.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, I accept your invitation, and I will skip about 100 pages of *Hansard* and go to page 496—which was rather late, I guess, in the debate—when the hon. member for St. John's wound up the debate, or just about did, for his party by summing up what I think has been their attitude as perceived by the country in this whole debate.

An hon. Member: Which hon. member?

Mr. Trudeau: The hon. member for St. John's West. He said, in reference to the RCMP:

They have to be brought to heel, and their political masters who encouraged them, or who are hiding them, or who directed them or who condoned those acts, have to be brought to heel also.

Some hon. Members: Oh, oh!

Mr. Trudeau: I think the defence is not very difficult to make, and I accept Your Honour's ruling in advance. I know you will have a difficult job to arbitrate in these debates. If you think my words went beyond the bounds of propriety, you will just have to say so, Mr. Speaker, and you will hear my comments.

Some hon. Members: Oh, oh!

An hon. Member: Is that a threat?

Some hon. Members: Oh, oh!

[Mr. Trudeau.]

An hon. Member: Take heed; another accusation.

Mr. Trudeau: Surely that is a proper statement, Mr. Speaker. If you make such a ruling, I will be called upon to do something; is that not right?

Some hon. Members: Oh, oh!

Mr. Alexander: That sounds sort of like a threat, Pierre.

Mr. Trudeau: What is the hon. member for Hamilton West getting so worried about?

Mr. Alexander: I always get worried when you get up.

Mr. Trudeau: Why is he so worried, sitting in his seat? Does he share the views of his colleague, the hon. member for St. John's West, who suggests we have to bring the RCMP to heel?

Mr. Alexander: I always worry when I see you stand up.

Mr. Trudeau: Mr. Speaker, I do not know if the hon. member is speaking for his party, but I think that is a very nice compliment he has just uttered.

Some hon. Members: Hear, hear!

An hon. Member: He means he is worried for the country.

Mr. Trudeau: His party should be worried, after the performance its hon. members went through in this House last week. They are afraid to return to it now without shame. I think his party should be afraid when we stand up and defend the RCMP.

Some hon. Members: Hear, hear!

Mr. Joe Clark (Leader of the Opposition): It is clear that the Prime Minister is in fine performing form.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I wonder if I might be permitted to listen to the hon. Leader of the Opposition.

Mr. Clark: This shows, sir, that given four days' rest in preparation for participation in the House of Commons, he can from time to time rise to the occasion.

Some hon. Members: Oh, oh!

Mr. Clark: Government members, sir, are trying to shout me down. They may continue to do that, as I have a great deal of patience and I will speak over their shouting if they want to continue. The people of Canada have the right, as does the House of Commons, to know what is going on here and what precisely it was that the Prime Minister, by this little act just put on by him, was trying to divert attention away from.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister has quoted from a variety of sources, parliamentary and others, claiming some kind of grievance on the part of the government and claiming there was a question of privilege that could be raised. The Prime Minister, although he does not have much regard for this place, it seems, from time to time, must know the rules. He must know those rules. The rule is that if he had a legitimate grievance, or if he had a legitimate question of privilege or breach thereof which he has just been claiming, then he should have raised it at the time he was seized of that breach of privilege.

Some hon. Members: Hear, hear!

Mr. Clark: Putting aside the theatrics, Mr. Speaker, the fact of the matter is that the Prime Minister did not raise a question of privilege in relation to the matters he has just cited. I notice that in the absence of the hon. member for St. John's West, the Prime Minister attacks him.

Some hon. Members: Oh, oh!

An hon. Member: Where is he?

Mr. Clark: That does not bother me so much as the fact that is was a very partial citation the Prime Minister gave. He did not read into the record everything said by my colleague, the hon. member for St. John's West. He did not quote the hon. member in the immediately preceding section, where he said:

The RCMP is a fine police force, but I look at all police forces with a healthy skepticism and I am not afraid to say it.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister did not, in his reference to "bringing to heel", quote the further words—

Some hon. Members: Oh, oh!

Mr. Clark: We hear from the Minister of National Revenue, from whom we always hear from his seat.

Mr. Guay (St. Boniface): I did not read it all.

Mr. Clark: The hon. member for St. John's West went on to say, and this very important, sir:

—their political masters who encouraged them, or who are hiding them, or who directed them or who condoned those acts, have to be brought to heel also.

Mr. Trudeau: That is what I said.

Mr. Clark: That, sir, is precisely what is at issue here, because the issue here is one of ministerial responsibility.

Some hon. Members: Hear, hear!

Mr. Clark: The issue throughout this debate has related to what kind of order or general direction was given by the Prime Minister or the Solicitor General of Canada that caused members of the security force to engage in illegal acts, and what offends us on this side of the House is that the government of Canada has tried consistently to make the Royal Canadian Mounted Police carry the can for the decisions it makes.

Some hon. Members: Hear, hear!

• (1532)

Mr. Trudeau: That is a new point of order.

Mr. Clark: At this moment I do not want to detain the House at length on the question of ministerial responsibility. In this affair, as in so many others, the government has seen fit to try to blame public servants for actions which have been taken by the government of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: Let me deal with some of the matters to which the Prime Minister referred. The Prime Minister quoted the hon. member for Central Nova, but the nature of the observations by the hon. member were different from the accusation made by the Prime Minister. Also, they differed significantly in location. The Prime Minister could not find anything said by the hon. member for Central Nova in the record of *Hansard* which was at all similar to the accusation made by the Prime Minister against the Conservative party.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: He could not find it because it was not there. It is for that reason he then went well beyond the practices of the House of Commons and began to quote from newspapers. That was because he could not build his case upon what was said in this chamber.

Mr. Trudeau: So what?

Mr. Clark: The Prime Minister says, "So what?" That indicates his understanding of the rules of the House of Commons. The Prime Minister has said other things about the House of Commons in the past, and today he says, "So what?"

Some hon. Members: Hear, hear!

Mr. Harquail: Apologize to the RCMP.

Mr. Baldwin: That is the man who said, "Just watch me".

Mr. Clark: Let me come to what the Prime Minister quoted the hon. member for Central Nova as having said. He quoted that hon. member as having said, "Among those who would have motivations would be . . ." Now, that is not an accusation—

Some hon. Members: Oh, oh!

Mr. Clark: "Among those who would have motivations . . ." was said outside the House. What the Prime Minister of Canada said in the House of Commons, in a direct accusation, can be found in *Hansard*. I am not quoting from some newspaper, because the record of what the Prime Minister said

in the House of Commons can be found in *Hansard*. At page 600 of *Hansard* dated November 3, 1977, the Prime Minister is reported as saying:

—but I would suggest that the way to do it is not by hiring private detectives, as that party does—

He went on to say the following, and this is the matter Your Honour has to rule on:

—and not by having some phony bugs planted in their office, which is the way they do it.

That was a direct accusation against members of the Conservative party and, as the hon. member for Peace River has said, a direct breach of the privileges of this House. The Prime Minister has tried everything he can—going outside the House of Commons, gathering quotations from newspapers which he cannot find in the record of this House, coming back to parliament and trying to pretend that what he has done is something that other people have done. The fact is that there has not been a prime minister in the history of this country who has treated parliament with the same grimaces and disdain as this Prime Minister has done.

Some hon. Members: Hear, hear!

Mr. Clark: To my knowledge of this place, certainly there has not been any prime minister who has stood in his place, as this Prime Minister has, made a direct accusation against another political party and then not had the courage or the courtesy either to bring forward proof or to withdraw the accusation.

Some hon. Members: Hear, hear!

Mr. Alexander: Notice how glum they look now.

Mr. Clark: The courtesies are well known. From time to time in the heat of debate, members may say something they do not intend, or they may say something which is extravagant. But most members, when they are caught in that type of extravagance, have the courtesy or the courage to come back to their colleagues in the House of Commons, if they respect this place, and withdraw the statement.

The Prime Minister has been given an opportunity to do that today, and he was given an opportunity to do it on the day the matter arose. Before the hon. member for Peace River raised the question of privilege, he was told that a question of privilege relating to his behaviour would be raised. Instead of staying to hear it, he went out, and what he said to me across the floor of the House was, "I can't stay here for the proceedings of parliament. I have a press conference to go to". So he turned his back on the House of Commons in order to go to a press conference.

Some hon. Members: Oh, oh!

Mr. Clark: The courtesies are well known. Having made that accusation—

Mr. Harquail: Apologize to the RCMP.

An hon. Member: Say something.

[Mr. Clark.]

Mr. Speaker: Order, please. I would prefer the opportunity of trying to decide this question on what I hear from the hon. Leader of the Opposition.

Mr. Clark: Thank you very much, Mr. Speaker. Having made an accusation which is unlike any other accusation that he has been able to find—because if he had found one, he would have cited it—he did not have the courtesy to stand up and withdraw it. Because he knew it was an unfounded accusation when he made it, which was admitted later at the press conference to which he went, he did not have the ability to come here and lay evidence upon the table of the House of Commons.

The responsibility facing Your Honour at this stage is to decide whether there is a prima facie case of privilege here. If there is, the hon. member for Peace River will take the action which follows in that kind of case. I had no intention of getting involved in this debate.

Some hon. Members: Oh, oh!

Mr. Clark: I rose because—

Mr. Trudeau: You should have followed your instincts.

Mr. Alexander: Notice how effective he is.

Mr. Clark: I rose because the Prime Minister of Canada stood in his place today, after four days of preparation in the Bahamas, and attempted deliberately to confuse the issue in an attempt to escape having to exercise toward the House of Commons the kind of courtesy which normal members of parliament and the people of Canada show toward this institution. That is why I wanted to rise. I think it is particularly important to note that the Prime Minister of Canada is prepared to make charges against a party in this House which he knows he cannot substantiate, then walks out of this chamber knowing the matter will be raised as a question of privilege.

Then, when given the opportunity honourably to withdraw his statements, he refuses honourably to withdraw those statements and instead establishes a smoke screen. When that kind of disrespect for the House is shown, I think the record has to be made very clear. The job is Your Honour's, and it is to decide whether, on the record, there is a clear accusation, without proof and without withdrawal, by the Prime Minister of Canada, and whether there is a prima facie case of privilege.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, had no intention of getting into this debate.

Some hon. Members: Hear, hear!

An hon. Member: But television being what it is . . . !

Mr. Broadbent: I think the Prime Minister—

Mr. Harquail: Apologize to the RCMP.

Some hon. Members: Shut up.

Mr. Alexander: You do not make any speeches. You like to talk from your seat.

Some hon. Members: Order, order.

Mr. Speaker: Order, please.

Mr. Broadbent: Mr. Speaker, I was about to say that I had no intention of getting into the debate on what I regarded initially as a very serious question of privilege raised by the official opposition, until the Prime Minister, with his all too characteristic buffoonery, decided to rise on this issue. Historians and serious political journalists 5, 10 or 15 years down the road, will look at this as one of the most important events in Canadian history.

I want to deal with the substance of the Prime Minister's argument, because he said that the logic of the official opposition's position was somehow connected with unwarranted charges and that there was some kind of cover-up by this side of the House. The Prime Minister made the accusation that the Conservative party somehow planted a bug in its own offices. If one was vitiated, the other was: that was the logic of his argument.

● (1542)

I would like to deal with that matter. However, before I do I would like to deal with the substance, because my own reaction, as a Canadian and as a member of the opposition, when the accusation was made was one of serious disgust because it was made by the Prime Minister in the context of serious points which were being raised on this issue, an issue which brought down a government in the United States, I might add—and it was no frivolous matter there. A very serious accusation was being made by hon. members in this House about government involvement in a cover-up, and there are reasons to believe that, reasons with which I will deal.

In response, the Prime Minister one day throws off—off the top of his head—the idea of a referendum. Next he hurls a silly and frivolous accusation at the Leader of the Opposition and members of the opposition, that somehow they were planting bugs in their own offices. I do not know how anyone, when looking back on this period, will take this Prime Minister as anything but an uncaring buffoon for some ten years. I want to deal with the logic of his argument. With reference to me and other members of the opposition, he said that we were hurling serious accusations of a cover-up, presumably unsubstantiated.

I want to quote something for the Prime Minister. This was not said by a member on this side and not by a backbencher on his side of the House, but by one of his fellow cabinet ministers who is quoted in the press as saying she thinks the Prime Minister and the Solicitor General are dead wrong. She is quoted as saying they misrepresented reality, that they did not tell the truth about the RCMP, and that she, for one, flatly disagrees. The logic of her argument was that there was a cover-up involved. I mentioned a cover-up, and the Prime Minister mocked me; he said, "With seriousness the hon. leader of the NDP moved his motion". I did so with seriousness because it is a serious matter.

Miss Bégin: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Alexander: He hasn't said anything yet.

Mr. Broadbent: On the issue of the cover-up, I want to quote this minister because I want to say something about the legitimacy of that accusation. She said, and I quote from the Carleton University press of a few days ago—

An hon. Member: Identify her.

Mr. Broadbent: The Minister of National Health and Welfare said she disagreed with the Prime Minister and the Solicitor General. She said:

> As a Quebecer, there is no way anyone is going to tell me there was a threat to national unity in 1973—

So much for the red herring of both the Prime Minister and the Solicitor General. The article continues:

> Bégin attacked Fox for not being honest with the Canadian public. "He should tell Canada he disagrees with the RCMP," she said.

Later on she is quoted as saying that the RCMP has grown so strong that the Trudeau government no longer has control.

Some hon. Members: Oh, oh!

Mr. Broadbent: With reference to the RCMP, the minister said:

> They're so big that if the ministers start trying to control them they wouldn't be able to.

My point is that what the Minister of National Health and Welfare is saying is that the Prime Minister and the Solicitor General have failed to control the RCMP. There was no lower level criticism here of junior members of the RCMP. There is, in fact, documentation to support the charge made by the official opposition and by ourselves over the past ten days that this government failed to exercise its ministerial responsibility. That is what is involved.

Some hon. Members: Hear, hear!

Mr. Broadbent: That is why, Mr. Speaker, if I may just conclude—

Mr. Speaker: I want to follow the hon. member's argument. I understand he is making the argument that if a general allegation is substantiated, it is permitted; but if it is unsubstantiated, it is not. I am not following the relevance of the hon. member's argument on the question of privilege.

Mr. Harquail: It is pretty difficult.

Mr. Broadbent: We listened to curious twists of tortuous logic from the Prime Minister for 20 minutes. I will try to make my case very briefly and then sit down. The point I am

making is that when the accusation of cover-up came from this side, it related very substantially to the point that these ministers, including the Prime Minister, tried to obscure. They did not ask relevant questions when they should have, because if they had received the answers they might have been forced into assuming ministerial responsibility, which they never have done. Then they came back to the House and never acknowledged that the real fault lies, not with the RCMP, but the real problem is the government on the other side of the House.

Some hon. Members: Hear, hear!

Mr. Broadbent: We on this side of the House could document the allegation of a cover-up, and apart from points we on this side of the House would make, the Minister of National Health and Welfare has provided the best possible argument by saying, as a member of the cabinet, that she thinks they were ignoring their responsibility. I would say that she thinks they were involved in a cover-up in burying their own essential role in this whole mess.

[*Translation*]

MISS BÉGIN—REMARKS IN NEWSPAPER ARTICLES

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, a while ago I got up quickly and realized that, since two women ministers are present in the House at this time, it was not quite clear which of the two was being unfairly accused. It became clear that I was the person concerned—my name was mentioned—and I therefore rise on the question of privilege.

The leader of the New Democratic Party (Mr. Broadbent) should have had the decency to check with me about the unfounded serious allegations he has just made. He has just quoted an excerpt from the Toronto *Sun*, which I saw for the first time around ten minutes to two this afternoon and which seems to repeat word for word without giving any journalist's name, the text written by a student at Carleton University and published in the students' newspaper called *The Charlatan.*

In this regard, I need only add that I have always supported the work and actions—particularly with regard to the current parliamentary crisis which resembles more a media event than anything else—of my colleague the Solicitor General (Mr. Fox) and, naturally, the right hon. Prime Minister of Canada (Mr. Trudeau). Even now, in my office, I am in the process of writing a telegram to the newspapers the Toronto *Sun* and *The Charlatan* setting the record straight.

* * *

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I wish I could join in the love-in we have just witnessed from the Minister of National Health and Welfare, and I hope that when the Prime Minister gets his subpoena from the McDonald commission he will be as forthcoming with that commission as he tried to be with respect to the House of Commons this afternoon. I think this is very important because of all that has gone on here today, particularly the Prime Minister's accusation.

The Prime Minister has not withdrawn the accusation he made the other day in the House which affects all members of this House and one member very particularly. The Prime Minister has ignored the Standing Orders of the House and, indeed, the admonition in citation 157 of the fourth edition of Beauchesne's with respect to what is appropriate to be read into the record of the House of Commons with respect to a matter. The citation is on page 133 of Beauchesne's. He has done all those things.

Mr. Speaker: Order, please. Let me clarify this point because there seems to be considerable concern about the use of a quotation from a newspaper, which is not a strange occurrence in the House. Before we go any further, if there is any argument about the use in the House of a quotation from a newspaper, I would want to make sure I was clear, because there seems to be some suggestion that I was establishing a precedent by allowing that to be done. I would be quite happy to prohibit, at any time, quotations from newspapers being used by hon. members. It would cut out a great deal of verbiage. However, it seems to me to be a well-established practice of the House.

Mr. Baker (Grenville-Carleton): That is not the point, Mr. Speaker.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): The point is, sir, that matters which are quoted from newspapers—whether correctly or incorrectly; and in the context in which the Prime Minister did so, even if they are correct—are not the subject of privilege in the House of Commons. That is the point. The hon. member for Central Nova was accused here in this House on a question of privilege.

● (1552)

Mr. Trudeau: He was not. It was your question of privilege, not mine.

Mr. Baker (Grenville-Carleton): The hon. member for Central Nova and the hon. member for Peace River raised a question of privilege with respect to things that were said to have been said, I assume, in this House of Commons. There is no record that the things the Prime Minister has said were said, and reported to have been said, in the House of Commons. That is the point, Mr. Speaker.

Mr. Trudeau: I am not claiming privilege.

Mr. Baker (Grenville-Carleton): Mr.Speaker, there is one other thing that bothers me very much as a member of the House. The Prime Minister put a question, in the course of his discourse, as to what was our view with respect to the question of ministerial responsibility; what was our view with respect to what ought to be done. He, having put that question, I think is entitled to an answer. It is the view of Her Majesty's Loyal

Opposition that there is no agency of government—no agency of government anywhere, whether it is the National Capital Commission or the Royal Canadian Mounted Police—that is not ultimately answerable to the civil authority in this country.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): In matters of security, when matters are given to a government, discretion is given to a government with respect to security, the people of the country and the parliament of the country entrust that government with the greatest responsibility that it can place upon a government. That responsibility and its operation will go unquestioned by parliament and by the people of Canada until something occurs which indicates that that trust has either been set aside or ignored, or has been betrayed—one or the other. Then certain questions arise, and that has been the purpose of the questions, the emergency debate, over how this government—I repeat, this government, sir—discharged its trusteeship for the security and intelligence protection of this country. That is the question.

Now, sir, the Prime Minister asks, as he puts it, what would we want to have done about it? I am going to say categorically that I do not want done about it what was done before. Mr. Speaker, I see you rising. I think it is important, since the Prime Minister has asked what our views are, that he should have our views.

Mr. Speaker: That may be so. However, I have allowed the hon. member some latitude already in establishing an answer to that question. The matter that is at issue is a question of privilege, and it has been contributed to rather substantially by both sides. I should like to hear the hon. member's argument in respect of the merits of the question of privilege.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am trying to do so. I apologize to your Honour if I offend your sensibilities with respect to what ought to be heard in this House. There has been a very serious accusation made involving security; an allegation made by the Prime Minister that the hon. member for Central Nova has accused the security forces of this House of something. If, in reply to that, reserving the right of the hon. member for Central Nova when he comes, I cannot in the course of it deal with the questions raised by the Prime Minister, then I think I am not being allowed—and I say this with great respect—to express the view that I think is important and involves the security service.

I have indicated to you, sir, what I feel is the responsibility of the elected civic authority and the position of every other agency of government. Now, sir, with respect to what we do in the future here, surely we cannot have a repetition of that. Surely we cannot have a repetition of the position where the government of the day says that in the first place it turned its back on any service and allowed it to operate. We cannot have that; or, after the guidelines of 1975 were issued to the Royal Canadian Mounted Police, after those guidelines were given to the security service of the Royal Canadian Mounted Police, they then turned their backs on the operation of that security and intelligence service. We just cannot have that.

If the Prime Minister wants to be constructive, two things will have to happen here with respect to the motion that is before Your Honour. The first thing is that Your Honour will have to decide the question of privilege on the accusation made by the Prime Minister, certainly, and I put it to you that there is a prima facie case for that. The second thing that will have to happen when that matter goes to the committee, when the motion which I hope Your Honour will find that the hon. member for Peace River can make with respect to the matter, goes to the committee of this House, that committee will have the opportunity—and I hope it will take the opportunity—to examine the whole question of parliamentary control and government control over the security services of this country. If that is the outcome of such an investigation, then this last week will have been worth while.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): But if the outcome is a continual refusal to answer questions in this House, which the government has every right to do, and if the outcome is to rely on a commission of inquiry which may not be reporting for years, then the people of Canada and this House have no guarantee that the same slipshod exercise of the civil authority that is vested in this government will not continue. That is the point, sir, and on that point I think the motion by the hon. member for Peace River will provide an admirable opportunity for the House to get to the heart of this problem immediately.

Some hon. Members: Hear, hear!

Mr. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I am not going to prolong this debate, but I have a couple of points to make with respect to the question of privilege. It seems to me to be quite clear that the opposition is trying to have it both ways. When the government says something with respect to the opposition, they seem to take great exception, but as the Prime Minister pointed out in his remarks, they seem to want to have a free wheel to say anything, regardless of how irresponsible it may be. I know the Prime Minister offered a couple of quotations from the record of *Hansard*. I will only deal with two. They seem to be very, very specific. As reported at page 493 of *Hansard*, the hon. member for St. John's West said:

> I say that the government was manipulating the RCMP, because I have heard nothing to persuade me otherwise.

That seems to imply not only a direct charge but, as well, justification for the charge. It seems to me that the opposition seem to believe that providing they have not heard anything to the contrary, they are entitled to say whatever they want in the House of Commons.

Some hon. Members: Shame.

Mr. Cafik: I do not think they ought to be entitled to make that kind of irresponsible and scandalous statement.

Some hon. Members: Hear, hear!

Mr. Cafik: Now to the second point, Mr. Speaker. As reported at page 489 of *Hansard*, another hon. member said:

> We are trying to protect them—
>
> Meaning the RCMP.
>
> —from the machinations and manipulations of a vested interest within the Liberal government to use them for private interests within that government. That police force has been manipulated by this government in order to shore up and create a scaffolding for a doddering, decadent Bourassa government.

That is directly from *Hansard*. It is an absolutely clear and specific charge. In both cases, a very important point has been made as to why we did not stand up. I stood up in the case of the hon. member for St. John's West immediately following that statement and asked him to lay a specific charge. He indicated he was going to make a number of specific charges later in his speech, but from my reading of it he became less specific rather than more specific because he felt his seat might be on the line if he went any further.

I would simply say that if, in the mind of the hon. member for St. John's West, he made the statement he did because he had heard nothing to persuade him otherwise, and if that is good enough for the opposition, it certainly ought to be good enough for any hon. member on this side of the House. In my view, Mr. Speaker, if a question of privilege is found, with respect, to be consistent, we ought to ask all members to withdraw that kind of absolutely irresponsible allegation of a very specific nature.

● (1602)

Mr. Speaker: Order, please. I thank all hon. members who have made such spirited and vigorous contributions to this interesting and very challenging question.

The question remains one of whether, in the totality of his remarks complained of, the Prime Minister had in fact gone beyond the privileges of the House. I will have to examine the details of the arguments and examine, again, the precedents. I have tried to develop some precedents with regard to accusations of a general, as opposed to a specific, nature. The bulk of the precedents, I must say, relate more to the insistence of a member who is under accusation having the right to be specifically charged before the matter is drawn off to some committee for an expedition and research on whether or not guilt or innocence prevails. Those precedents are not at all helpful in the situation.

The reverse is complained of here. A charge of a general nature is, in fact, the equivalent of a charge of a specific nature. I have to decide whether there is any precedent that can assist me in that question, and they are difficult to find. In any case, I will take under consideration and careful advisement the arguments that were made today, and examine the precedents carefully in an attempt to rule tomorrow, if I can, or at the earliest possible opportunity after proper study.

I indicated that there was another matter outstanding. The hon. member for St. John's East raised earlier two questions of order relating to references allegedly made in this argument by the Solicitor General and the Prime Minister in earlier discussions concerning documents, in which he was establishing the point that according to the practices of the House, the documents had in fact been cited within the terms of the precedents and therefore ought to have been laid upon the table by both those ministers. Does the hon. member for St. John's East have anything further to add?

Mr. McGrath: No, Mr. Speaker.

Mr. Trudeau: Mr. Speaker, I do not know what you want to do on this, but I understand the documents are public documents. They have been tabled in the commission holding hearings in Montreal. Since they are public documents, I would have no objection to tabling them. However, I wonder if the rule calls for tabling documents which are already in the public domain.

Mr. McGrath: Mr. Speaker, it was never identified. I do not know what the Prime Minister was quoting from. It was setting a very dangerous precedent which I did not want the House to follow. Therefore, I think we should stick to the practices of the House.

Mr. Trudeau: With respect, Mr. Speaker, that is not correct. I was quoting a document which was mentioned in a question by the leader of the New Democratic Party. I just said I would ask a question about it.

Mr. Baker (Grenville-Carleton): How would we know it?

Mr. Trudeau: You just have to listen to the question and you will know it.

Mr. Speaker: I had examined briefly, in preparation for this discussion today, the two incidents referred to by the hon. member for St. John's East. Without further argument, it was my impression that within the terms of our precedents the reference to documents by the Solicitor General fell short of a citation of the document and, therefore, no ruling of the Chair would apply.

With regard to the reference made by the Prime Minister, it seemed to me from reading his remarks that he had, in fact, made either sufficient reference to the contents of the document or a quotation from it. It was not clear from *Hansard* whether he was in fact quoting from a document. The Prime Minister has now confirmed that he was quoting from a document, or referring to it, and in fact it is a public document.

Obviously, if it is a public document it is available to be tabled and available to members without prejudice to the public good. Perhaps I might be permitted in the circumstances, since it is a public document, to take some time to examine the propriety of ordering a document like that tabled, and perhaps report to the House tomorrow.

Mr. Broadbent: Mr. Speaker, with regard to the document which you and the Prime Minister just referred to, I understand it is the affidavit that is signed by the Solicitor General. That is certainly the one from which I was quoting. It was written earlier this month. I would like to find out from the

Prime Minister, when he tables it, whether it will have the two errors that were in it originally, or have they been removed and are there any further errors in it?

Mr. Speaker: Order, please.

Mr. Nielsen: Mr. Speaker, I rise on a brief point with respect to the comments of the Prime Minister and the document already being available to the commission that is now sitting. I believe the purpose of the rule requiring the tabling of documents, to which reference has been made, is to make them part of the record of the House. I make that submission in reply to the Prime Minister's urging that it is not necessary, since it is already public. It should be part of the record.

Mr. Baldwin: Mr. Speaker, it is important to note that the commission in the city of Montreal is operating under certain specific rules received from the legislature of Quebec. Documents in its possession may or may not be available to us. We do not know what the rules are. It is not necessarily in the public domain. We in this House are interested in having it in our domain, and that is done by tabling it.

Mr. Speaker: Order, please. I have already undertaken to examine whether there is any conflict, in fact, in tabling a public document. If there is none, it will be done.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I understand from what the Prime Minister said, and from a conversation he and I have had *sotto voce* across the floor, that he is quite willing to table the document. I take it that by shaking his head in the affirmative he is undertaking to table the document referred to.

Mr. Trudeau: I repeat what I said, Mr. Speaker. If you order me to table it, I will table it.

Mr. Chrétien: On a point of order, Mr. Speaker, are you carrying on with the investigation of the House? We have not heard anything about it.

Mr. Speaker: I had intended to say something very briefly to the House at three o'clock—and that has now become a little after four o'clock—with regard to the two incidents brought to my attention by hon. members, one relating to the office of the hon. member for Central Nova and the other relating to the office of the Leader of the Opposition.

I indicated last week that with regard to the hon. member for Central Nova, I had advised him of the content of our preliminary investigation and asked his advice on whether the matter should go further. The hon. member for Central Nova has indicated to me that there is some information which he wishes to convey to me, and he wants to do that in response to my request tomorrow.

With regard to the office of the Leader of the Opposition, last Thursday it was understood that officials of Bell Canada and of our security staff would be able to meet with the advisers of the Leader of the Opposition. There were some meetings on Thursday evening, and others on Friday. A further meeting was arranged for today.

I hope to be able to advise the House further if there are any significant developments as a result of the meeting that is taking place today. I should advise the House it is our understanding that Bell Canada will be provided with this piece of equipment to examine in their laboratories. I am unable to tell the House at this moment how long it will take the Bell Canada people to give me a report on that examination. As soon as I know, I will communicate it to the House.

ROUTINE PROCEEDINGS

[*English*]

MANAGEMENT AND MEMBERS' SERVICES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Robert C. Coates (Cumberland-Colchester North) presented the first report of the Standing Committee on Management and Members' Services, and moved that the report be concurred in.

Motion agreed to

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

● (1612)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, November 7, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Income Tax

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, when I was speaking last night at 10.30 I was discussing the $350 insulation grant for homes built prior to 1921. I also emphasized that the $350 was not a great deal and that some homes might cost as much as $1,000 to insulate. Housing is a very important part of our economy. As the construction industry goes, so goes the country. Housing today is beyond the means of the great majority of Canadians—and this is a tragedy, to say the least. The cost of mortgages is too high.

My party's housing committee has suggested a number of alternatives to assist the housing situation and to provide housing for those who need it most, that is, people in the low and medium-income brackets. We have suggested that mortgage interest should be deductible, and that property taxes should be deductible in an amount up to, possibly, $500 because property taxes and municipal taxes are a form of double-taxation and they should be deductible from income tax paid by homeowners. The committee also suggested the establishment of a federal mortgage exchange. The government has made no attempt to tighten up the inspection process under the National Housing Act. The National Housing Act should be amended to provide greater control over taxpayers' funds.

The success of the housing market in Canada depends to a very large extent on the economic environment the federal government provides. The economic outlook for Canada is bleak, at best, today. Single family home ownership is on the decline. Over 50 per cent of the people own their own homes. Many are not paid for. There are a great many homes occupied by only one or two persons. In 1951 it was 28 per cent, in 1961 it was 32 per cent, in 1971 it was 39 per cent, and the projection for 1981 is 45 per cent. These figures show we have a long way to go to provide housing for our younger people with growing families.

We have heard a great deal about solar heat and its importance in energy conservation. I feel the government should give serious consideration to some form of financial assistance or grants to those building homes and installing solar heat, in order to make it attractive, as it is a very expensive installation at the present time. This could be extended to cover existing homes whose owners might consider converting to solar heat.

I had the privilege this summer of visiting a model solar-heated home in my riding. The cost of the installation was in the neighbourhood of $10,000. The owner inquired whether there was any financial assistance available from the federal government. He was informed there was not. I am sure the minister would agree it would be common sense and good business to make it attractive for new homeowners to install solar heat equipment whether on a 100 per cent basis or on a partial basis.

As I mentioned before, the minister's budget provided some relief for the taxpayer. I think he is aware it will be necessary to generate revenue to pay for this. The tax cuts are very necessary, especially for those in the lower income brackets. The consumer price index has risen to 183 points, having doubled in the last decade. The cost of food is higher. Those in the lower income group spend 26 per cent of their total income on food, whereas those in the middle and higher income groups spend about 19 per cent.

[Mr. Speaker.]

Unemployment has created a special problem for the young. By 1985 there will be two million people with university degrees, and jobs must be found for them. The unemployment rate for the last month remains about the same, but the Liberals should not take heart from this because although there has not been an over-all increase, the figure for the number of unemployed under the age of 24 rose. At present, only 38 out of every 100 young people entering the labour force can hope to find jobs. The Prime Minister (Mr. Trudeau) has suggested they should emigrate. Must we export the most valuable of all our resources to support this incompetent and irresponsible administration? The Prime Minister may lightly dismiss our youth and their problems in finding employment, but I cannot. Our youth deserves more than that. They have ambitions, they have hopes for their country, they want to work. It is a disgrace and an embarrassment to all of us that the Prime Minister and the government should behave so callously.

I was surprised to hear what the Minister of Finance (Mr. Chrétien) said yesterday. I shall quote from *Hansard*. At page 646, toward the end of his address, he is reported as saying:

> Members of this House will appreciate the importance of the bill to a large segment of Canadian society. It is vital to avoid any unnecessary delay in proceeding with it. The implementing legislation for the tax changes in the budget of May 25, 1976, was not finally passed until late February of 1977.

He then went on to say:

> The delay caused very serious inconvenience and disruption for the thousands of taxpayers affected by those changes. I therefore urge members—

—to pass the bill with dispatch. Mr. Speaker, the bill was introduced last night, and already he is telling us to ram the measure through. He seems unwilling that we should have sufficient time to debate it. It certainly should be debated, though, because it is a very important piece of legislation. He also put out a press release dated yesterday, November 7, stating that members should not fail to appreciate the importance of the bill and the importance of getting it through with as much dispatch as possible. He also inferred that the opposition had held up the previous income tax bill last year, Bill C-22. He went on to say that the measures in the bill, which took effect on May 25, 1976, did not pass into law until February 24, 1977. This would infer that the opposition had been holding up the bill from May, 1976, until February, 1977.

● (1622)

I took the opportunity to check *Hansard*, Mr. Speaker, and I found that this bill was debated for a total of ten days only. Of those ten days, four were short days. It seems the government is making a very strong statement, one that is incorrect. Debate on the bill started on November 19 and was resumed on December 2. It was hauled out again and debated on December 15, December 17 and December 20. The Christmas recess then intervened, and it did not come back until January

31. The bill was debated on that day, and on February 3, 4, 7 and 10. I bring that to the minister's attention so that he cannot accuse the opposition parties of holding the bill up for any great length of time.

Another matter I want to mention is the 10-cent federal gasoline tax imposed by the government a little over two years ago, supposedly to conserve energy and provide funds to control the price of oil within Canada. That did have some merit, but this tax has hit hardest workers from rural areas and many other people who have to drive long distances between their homes and their places of business. This extra 10 cents amounts to a considerable sum over the course of a month.

A good many persons drive to work in my constituency of Parry Sound-Muskoka, as I have mentioned on several occasions. Some drive as much as 100 miles to and from work each day, five days a week. With the price of gasoline today, this extra 10 cents creates a real hardship for them. I am well aware that many business people, truckers and those engaged in commercial operations, have to pay the 10 cents, but they can deduct it as a legitimate business expense. But not the poor man who has to drive daily to work. If this kind of person did not drive a considerable distance to work, he would probably be on unemployment insurance or, even worse, some form of welfare. This is why I feel this particular tax creates hardship for people who can least afford to pay the tax. I bring this matter to the attention of the minister and I hope something will be done about it.

I should also like to point out that the tourist industry has suffered greatly this year. To some extent, this can be blamed on the high cost of travel due to current gasoline prices. Since this tax was imposed, the government has been requested on many occasions to reduce it. In fact, I believe at one tourist convention in the past few weeks it was recommended that the government reduce the tax from 10 cents to 3 cents, and I am hoping that the government will look with a sympathetic eye on that recommendation. After all, the tourist industry is very important.

I will concede to the Minister of Finance that if he should reduce the 10 cents tax to 3 cents, he would lose a lot of money. Within the year a staggering amount of money is collected through this 10 cents tax. But I am sure the minister will agree that it is like casting your bread upon the waters; although you might lose money by reducing the tax, a great number of additional tourists would come to this country, and those who save 10 cents on a gallon of gasoline will spend the money and help the economy anyway. In other words, the minister will get this sales tax back in additional revenue. As I say, it might bring additional American tourists to Canada, and heaven knows, we certainly need them. Tourism has been down drastically this year.

Mr. Chrétien: Mr. Speaker, may I ask the hon. member a question? I like listening to him because he offers some concrete proposals. The only question I should like to bring to his attention is this: If we reduce the tax on gasoline, what effect would this have on the conservation of energy in Canada?

Mr. Darling: So far as energy conservation is concerned, I am sure—and I bet the minister is sure—that probably not 100 gallons of gasoline less have been sold. People are still using their cars. There could be the odd Sunday driver who stays at home, and that is fine because it will make the highways a little safer. But I point out to the minister that this extra 10 cents tax is a real drain on the resources of a lot of people.

The minister represents a rural riding, one that does not have a buoyant economy. I am well aware that the minister has serious problems in his riding, and in this respect that is good because he may be a little more sympathetic than if he represented a riding composed of blue-eyed Arabs in Alberta or one of the Toronto ridings. I say it would be a wonderful idea to reduce this tax to 3 cents or to cut it out entirely. There is not a hell of a lot of gasoline saved, anyway. People are still driving their cars on journeys, the great majority of which are necessary.

Because Canada is such a vast country, many people have to drive great distances to work. We are not a country like Holland or Belgium, countries with 1,200 people or more to the square mile. As I have already said, in my riding of Parry Sound-Muskoka over half the people drive a considerable distance. I see the Minister of Employment and Immigration (Mr. Cullen) across the way. He originally came from North Bay and is familiar with the city. A great many people who live 35 or 40 miles south of North Bay drive into North Bay five days a week to their jobs, and they are fortunate to have jobs there. But 80 miles a day amounts to quite a gasoline bill at the end of the month. Therefore, I hope the minister will give serious consideration to this point.

High taxes and non-competitive wage rates in Canada are also having a serious effect on our communities and on companies which are competing directly with United States manufacturers. The situation has become very critical in the past year, so serious in fact that many small manufacturers of automobile parts have either gone out of business or have moved their operations to the United States. I am hoping that the new Minister of Industry, Trade and Commerce (Mr. Horner) is taking steps to rescue this particular industry before it ceases to exist in Canada or almost fades away. I was pleased and relieved to hear him say during an interview, or it could have been during a speech, a few days ago that he was aware of the serious situation and was hopeful that something could be done. I hope he will come up with some concrete solutions instead of vague and non-committal statements.

In my riding of Parry Sound-Muskoka, 122 jobs have been lost at a plant just south of Parry Sound in the township of Foley. This plant had a total of 222 jobs, 122 of which are being phased out. Some members may have seen reference to this on a television program last night and again this morning on the "Canada A.M." show. This points out the seriousness of the situation. These are jobs which are permanently lost.

● (1632)

As I mentioned during my speech in the throne speech debate, we are competing against the very tough competition of the United States, particularly the southern states. I understand our immediate neighbour, New York state, is in a serious position as well. If I can use the term, their industries are being raided by industries in the south which are offering very attractive bonuses. Some of these facts we must assume, rather than have them supported with proof. We are also aware of the fact that these industries do not contribute to the same social benefits provided in Canada for our people—benefits paid for by contributions from both employees and employers through unemployment insurance, workmen's compensation, and so on.

I hope something can be done to save these very necessary jobs and to help offset the imbalance of the auto pact. I understand there is a $1 billion deficit in this regard, and I heard it suggested in the news media not long ago that if the present projection continues in the future, the $1 billion will increase to as high as $2 billion.

I wonder whether the Minister of Finance—or, indeed, the government—is aware of the fact that by the end of this year Canadians will have experienced four years of inflation at a rate higher than 7 per cent. Although ministers of finance are notorious for their incredible lack of grasp of economic affairs, even they must be aware that Canadians have suffered unduly in the past decade. They have seen three years of unemployment at a rate higher than 7 per cent, four years with an economic growth below our 5 per cent growth potential, three years of trade deficits higher than $4 billion, and five years during which federal budget deficits have steadily increased.

The Minister of Finance has indicated that Canadians may have to face a lower standard of living. This will not be the result of a lack of hard work or initiative on the part of Canadians who are now told they will have to discipline themselves. The writing is on the wall. The Liberal government, through its incompetence, has lowered the living standard expectation of Canadians. The minister predicts a 6 per cent inflation rate for next year. I suggest it will be nothing short of a miracle if there is only a 6 per cent inflation rate in 1978. Indeed, that is probably what the Liberals are praying for, because on the basis of their past record they certainly will not attain such a rate by themselves. I am sure inflation will exceed 8 per cent this year. I do not say that because I am pessimistic by nature but, rather, because the government across the floor has forced me to be that way. The government has also forced Canadians to be pessimistic. In 1976 the inflation rate was 6.2 per cent, and it is now over 8 per cent. This government, by allowing inflation and everything else, with the exception of wages and expectations, to rise has demonstrated its incredible incompetence.

As to the minister's personal income tax cuts to lower and middle-income taxpayers, the benefits are not great. They will amount to $1.92 a week. That is of little comfort to Canadians who face soaring prices, or to those who face the prospect of joining the burgeoning ranks of the unemployed. This government has stifled the economy. The word "deficit" seems to be a catch-all for Liberal actions during the last decade. If there had to be one word used in summation of the past nine or ten years, that would be it. We have a federal deficit, a trade deficit, a deficit in tourism, and we have been sorry witnesses to a continuing climb in our current accounts deficit. The Liberal government is long on speeches of restraint, but short on solutions.

Let me conclude by saying I am distressed to see the state of affairs in this nation. The economy, as I have indicated, is in an intolerable mess. The effect the economy has had on national unity is undeniable. It has compounded separatist sentiments and I want the government to know that, along with most other Canadians, I hold this government responsible for the precarious position into which it has brought this great nation of ours.

The government cannot pretend any longer that the two issues, the economy and national unity, are separate and distinct. They are not distinct. The government, by its negligence in one area and its misguidance in another, has fused the issues into one and brought this country to a danger of dismantlement it has never known.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, on April 11 last, a few days only after the former Minister of Finance (Mr. Macdonald) had delivered the budget speech on March 30 last, the following could be read in a paper entitled *On Target:*

> The federal budget of Mr. Macdonald will literally put some restraint on the Canadian economy during the coming year—no appreciable tax reduction, no considerable cut of government expenditures, no apparent slowdown in public building construction (indeed we note an increase), finally no realistic endeavour to cope with the constant increase in the public debt and interests and to solve the famous unemployment problem. In short, the country is experiencing a most serious financial crisis, what with growing unemployment on one hand and demoralizing inflation on the other. As for the government, we are led to believe that it does not intend to alter its course and that the friends of the government in power will continue to enjoy its favours for still another year.

● (1642)

On March 21, 1977, *Globe and Mail* editor Richard S. Malone stated, and I quote:

> Canada is now running the largest foreign debt in the western world.
>
> Our average wages in manufacturing are now the highest in the world and our exports are dropping.
>
> We hold the world's record for hours lost per thousand workers due to labour disputes and strikes, losing five times as many man-days per thousand workers as Britain.
>
> Average wages in Canada last year increased by 14 per cent, nearly double the rates in the United States.
>
> Since 1972 our labour cost per unit of output has increased more than 50 per cent compared to only 20 per cent in the United States and our productivity also suffers in comparison.
>
> Our trade deficit on manufacturing last year was $10 billion.
>
> Our money supply, a chief cause of inflation, was up 22.8 per cent of the annual rate last month.

Mr. Speaker, one will have to admit that we are dealing with an administration which is leading us to ponder over the coming years.

In fact, Mr. Speaker, on March 29, 1977, the same daily newspaper revealed in an editorial some figures which are very enlightening about Canada's public debt. In fact, it was said and I quote again:

As to any pump priming of the economy, it cannot be said that our government has made things easier for us. Expenses connected to public debt direct servicing have increased by 120 per cent during the last five years, that is 135 per cent at the federal level and 100 per cent at the provincial and municipal levels. The annual burden for each Canadian worked has risen from $444.44 for fiscal year 1971-72 to $822.92 for the fiscal year ending this month. The total cost for last year was $7.9 billion; what an amount of money for just servicing the debt. The direct public debt reached $96 billion by the end of 1976, that is $60 billion for the federal government, $25 billion for provincial governments and finally $11 billion for municipal governments yet these astronomical figures do not include the $24 billion guaranteed by the various governments on behalf of Crown corporations. This debt has been contracted in order to make up those deficits. Governments pay off only a small fraction of their debts. When a given debt is due, most governments will simply borrow again to pay it off. It is easier to do things this way than having to increase taxation or reduce government spendings.

Mr. Speaker, also in that same document entitled *On Target* and dated April 11, 1977, the following could be read, and I quote:

Were the federal government to exercise its sovereign right to create money (through the Bank of Canada and the chartered banks which are its agents), the interests or the expenses stemming from servicing the debt would disappear and there would be nothing left to pay other than minimal administrative expenses totalling up to probably less than 3 per cent. If the totality or at least a good part of the newly created money were circulated through consumer price subsidies aiming effectively at reducing wholesale prices for the consumer, the increase in the money supply or credit, far from causing any inflationary pressure, would have deflationary effects on consumer prices. This principle, even associated with financing through the budgetary deficit, served well the interests of Canada and other countries during the Second World War, and nowadays it is very usefully put to use by the Queensland state in Australia (the Petersen Plan).

Mr. Speaker, in view of this passage, could we not consider that this approach to the problems of debt and inflation deserve serious study and examination on the part of the Canadian government?

The article goes on to say:

Nevertheless, if inflation is now haunting governments, the spectre of unemployment is also becoming an obsession. All those who are at the controls in the government, the media, the business world or trade unions, warn us against the risks of disaster represented by growing unemployment. Paradoxically, people are now trying to obtain longer vacations, shorter work weeks and more time for recreation.

Indeed, Mr. Speaker, a few days ago I heard on the CBC news that the Minister of Employment and Immigration had gone to Toronto to suggest a four-day work week even if it meant that the Unemployment Insurance Commission would have to pay the workers involved for the fifth day which should normally have been a working day.

With your permission, Mr. Speaker, I would like to continue reading from the previously mentioned article:

We should make up our minds about what we expect from our industrial machine. More "work" (jobs) or increased production (goods and services). If what we really want is more work, more jobs, we should be logical and reject all modern commodities, tools for the garden and the farm, sophisticated machines which reduce manpower requirements in plants, and go back to the pick, shovel and wheelbarrow, the washboard as well as the means of production used before the industrial revolution. That is how we will achieve full employment and a lower standard of living.

If the seriousness of the economic and financial situation escapes anyone's attention, I would strongly urge them to consider the large number of young people between 15 and 25 years old who are now unemployed, while their parents, the workers, who are between 40 and 65, make our huge production system work and pay taxes in order to support all those young people. It would be time to change that system which is quite inadequate and to implement the measures the Social Credit has been advocating for so many years.

Indeed, Mr. Speaker, no wonder Canadian workers are increasingly demanding higher gross wages than those of their neighbours to the south. That is because their tax burden is much heavier. True, the government, of course, has the right to tax the workers' income, since it must indeed to find the money needed to finance its programs. A wide range of taxes are collected for that purpose, but the most significant in terms of money is, of course, personal income tax.

• (1652)

Indeed, Mr. Speaker, I would say that personal income tax has increased so much that for the average Canadian family it now represents a bigger expense than all others. Yet that income tax system is based on the principle that the proportion of income paid in the form of taxes increases with a person's income. That is commonly called the "ability to pay". You will agree with me that a poor head of family with a very low income needs all or nearly all his income to survive. In other words, to be more specific, he is practically unable to pay taxes and consequently should not be expected to pay any. On the other hand, it goes without saying that a person earning a higher income can, or is at least in a better position to pay part of it in the form of taxes. It seems to me that the higher a person's income the greater his ability to pay and the greater tax weight he should carry.

I remember, Mr. Speaker, when income tax systems based on the ability to pay were introduced, as I suggested earlier, in 1916, 61 years ago, they gave rise to very heated discussions. In any event, personal income tax now eats up nearly 20 per cent of the average Canadian family's income. Indeed, if one looks at the statistics one realizes the tax department's share is only 14 per cent. Let us not kid ourselves, Mr. Speaker, the gap comes from the fact that government now takes 43 per cent of the gross national product in Canada as compared with 35 per cent in the United States.

With respect to the deficit the federal government anticipates a deficit of $7.2 billion for this year, maybe $8 billion, and $12 billion for next year.

Mr. Speaker, the anticipated deficit for this year will cost every Canadian taxpayer about $60 more to make up, and do you think it will be made up? If you want to know right away, I will tell you. It will never be made up. Why? Our monetary system is wrong. Look at the national debt, and I will give you a few figures.

Indeed, in the seven seconds it takes to read this sentence the federal government went $1,600 deeper into debt. In the last minute the national debt increased by $13,700. It has gone

up by $820,000 in the last hour, and by almost $25 million since yesterday at this time. You will doubtless understand what a budget deficit of over $8 billion means. Some will say that the figure is so high that the average citizen cannot visualize its magnitude.

There is another way of looking at the national debt, and that is to compare it with past deficits. Indeed, between the end of World War II and 1975, the federal government has had 17 yearly deficits. If all those deficits were added, excluding the years where there was a surplus, they would total about the same as the deficit for 1977-78 alone. While we are supposed to be the best administrators in the land, the administration of the country leads to an $8 billion annual deficit.

In his economic and fiscal statement, the Minister of Finance said this, and I quote:

The government has decided to withdraw for further consideration the proposal whereby part of the investment income earned by a policyholder on the death of the person insured would be taxable.

On reading that, one suspects immediately that the measures announced in the last budget, that is on March 31 last, on the taxing of the income earned on life insurance policies are withdrawn only temporarily since the minister says:

The government has decided to withdraw for further consideration . . .

One may be sure, Mr. Speaker, that following the next federal election, they will come back with the same proposals. I have received hundreds of letters from my constituents who are against such budgetary pollution. And I have risen several times on that subject since last March 31. In fact, on May 4 last, pursuant to the provision of Standing Order 43, I asked that the Minister of Finance withdraw his proposals to that effect, since I felt they were unfair to those who provide for the financial security of their family by taking out life insurance instead of leaving it to the government to provide for their needs. And should the estate constituted by life insurance not serve exclusively the purpose intended by the insured, that is to ensure a minimum degree of well-being?

In a speech made on April 26 last in Quebec City, the former Minister of Indian Affairs and Northern Development commented on the difficulty of surviving in the business world. He mentioned that the percentage of Canadian businesses which went bankrupt within the last five years ranged from 60 to 80 per cent. Most businesses included in those statistics are small and medium firms. They are hard put to it to get in the market already saturated with products and distributors. Usually to set up a small business requires all the financial resources of the entrepreneur, and then the slightest setback forces him out of business.

So, Canadians are deprived of benefits that could be provided to them by thousands of businessmen who are service-oriented and of thousands of good ideas that are lost due to financial problems. Banks are responsible for the credit system which causes such problems. After all, why should banks be concerned about that situation, since their own bankruptcy rate is nil under the present government? In fact, the eleven chartered banks in Canada have increased their assets during the five first months of the present year by $12 billion, from $121 to $133 billion, and their assets had increased by $16 billion during the previous year. At that rate, we may expect that within twelve months our banks will increase their assets by more than $25 billion.

Recently, in a booklet on the national dairy program for 1977-78, the Minister of Agriculture (Mr. Whelan) made this statement, and I quote this because it directly concerns the budget:

I believe that the 1977-78 dairy program is one of the best we have ever had. Your income as a milk producer has been increased over last year. As Minister of Agriculture I am sure that you will agree with me that your federal government has provided you with a very positive dairy program.

Well, no, Mr. Speaker, dairy producers do not think so. Be assured that I have full knowledge of the matter. As a matter of fact, as recently as last week I received from one of my fellow countrymen a letter which reads as follows: "You are probably aware that the Canadian Dairy Commission has not sent us our subsidy cheques since the month of April 1977. We ask you to join us in protesting before the Department of Agriculture. You probably know that farming incomes still decreased this year, which demonstrates that things must change." I call it five o'clock, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely public bills.

Is motion No. 2 in the name of the hon. member for Matane (Mr. De Bané) allowed to stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand at the request of the government.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

BRITISH NORTH AMERICA ACT, 1867

MEASURE TO ABOLISH THE SENATE

Mr. Stanley Knowles (Winnipeg North Centre) moved that Bill C-203, to amend the British North America Act, 1867 (abolition of the Senate) be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I suppose I should have remained in my seat in case hon. members were ready to vote on my motion without further debate. After all, that is an admission that this is not the first time I have brought in this bill, the purpose of which is to abolish the Senate and to establish the Parliament of Canada on the basis of democracy, namely, that it consist only of persons, men and women, elected by the people of this country and responsible back to them.

During the last few weeks I have had the privilege on at least two occasions of participating in debates on the Senate with prominent members of the other place—these debates took place on radio and television—so I think I am reasonably familiar with the kinds of arguments that are advanced by those who really believe in the Senate. I cannot imagine any persons who believe in the Senate more than those who are in it, except some of those around here who would like to get in it.

● (1702)

An hon. Member: Does that include you?

Mr. Knowles (Winnipeg North Centre): In case that question is on the record, I am sure my hon. friend knows that the answer is absolutely no. The arguments that have been advanced in the debates in which I have participated lately centre mainly around the proposition that the men and women in the Senate are good persons, that they are hardworking and that they do a good job for the people of Canada. Mr. Speaker, that argument completely misses the point. I readily concede that there are good Canadians in the other place. I readily concede that somewhere between 20 and 25 of them work hard at the job, but I think that is about all. The rest are just there when they need to be. The number who really work at the job is probably not greater than 20 or 25.

I readily concede that some of the reports that committees of the other place have prepared have been good reports. They have been very useful. But, Mr. Speaker, those arguments completely miss the point that in the Senate we have a House of Parliament made up of persons not elected at all who get there solely by being appointed or nominated by the Prime Minister—persons who are responsible back to no one, not even to the Prime Minister who nominated them and yet who constitutionally have all the authority that we, the elected people, have here in this House of Commons.

Sir, we can make mistakes, and this House certainly does make mistakes—many of them when we have Liberals in power. But we have to go back to the people of Canada every three, four or five years, for it is to them that we are responsible. That other House never has to go back to anyone. As I say, even if a lady or gentleman has been appointed to the Senate on the nomination of the Prime Minister, he or she is not even responsible back to the Prime Minister at all. That is why I think we should take a whole new look at the make-up of parliament.

Maybe there was something to the idea 110 years ago that democracy could not be fully trusted; that you had to have some people around to check on what the elected people were doing. Surely, in 110 years we have grown up and reached the point where we realize that democracy calls for the laws of this country to be made by elected persons and not by appointed persons. Maybe in a moment or two I will define them a little more precisely than just by calling them "persons." It is for these reasons, namely, that in 1977 as opposed to 1867 surely we believe in democracy, that I think we ought to have a parliament consisting only of those elected by the people of Canada.

I could point out that in the early years of the history of this country a number of provinces had an upper House. My own province of Manitoba had one, Nova Scotia had one and so did several other provinces. They got rid of them one by one, and the last province to get rid of an upper House was Quebec. I do not see the government of any of those provinces suffering because they have legislatures consisting of only one House. I therefore contend that we should take the same step and go all out for the democratic principle of the people being represented and governed only by those whom they have actually elected. I regard there being a non-elected part of this institution as a blot on the democratic idea. I regard it as utterly stupid for us to have persons in another place not elected who have the same constitutional authority we have in this House of Commons.

This is brought out very forcibly—and quite often, too—when a person who has been a member of this House as run for re-election and has been defeated. In being defeated he has been told by the people of the constituency or province where he lives that those people do not want him in parliament. A few months later in many cases that individual, if he is a Liberal, is appointed to the Senate and gets into the very parliament where the people of his constituency and province said they did not want him. As I said, it is not only undemocratic; I think it makes us, in so far as we believe in democracy, look utterly stupid. I hope we will take a new look at the whole proposition.

It is argued, of course, that in the other place they do some good committee work. That is true. I could name some of the reports such as that on land use, poverty, aging, and so on, that have been exceptionally good. That is no reason for us keeping on a very high payroll 104 persons so that a dozen or 15 of them can do certain committee work. That committee work could be done by royal commissions, academic people, persons pulled in from the universities, the labour movement or farm movements for a specific job. But keeping 104 people on a very high payroll, with expense allowances and staff running into several millions of dollars per year spent on the other place, I think makes no sense at all.

It is argued that there are times in the other place that they find things wrong with some of the bills that we pass and send them back to us. Many of those things that are found wrong are found by the officials in the departments and are simply corrected over there, although some time ago when their Honours amended a bill in something over 100 clauses and felt very proud of what they had done, the bill came back here and the government did not reintroduce it. That is what the government thinks of the fine tooth-comb job the Senate did on that particular bill. Even if what they did was good, to give them the right to set aside what we decide in this House of Commons, where we are responsible to the people, is in my view completely contrary to the principles of democracy. Therefore, Mr. Speaker, I make the plea again, and I have been making it for a long time, that we take a serious look at

our parliamentary structure. I think if we do that we will realize it should be a democratic structure and that it is not democratic when we have one House made up of persons who are responsible to no one.

That is the picture as it developed out of the way the place was established. That was it from the beginning: a House of non-elected persons responsible to no one who, nevertheless, could set aside the legislation of the House of Commons. That carries with it, of course, the right to do so not just once, twice or several times but, as Eugene Forsey once said in an excellent paper calling for the abolition of the Senate, which he wrote before he went there—

An hon. Member: That was when he was still with the NDP.

Mr. Knowles (Winnipeg North Centre): That is right. That is when he was with the CCF, as our party was then called, and the Canadian Labour Congress, or Canadian Congress of Labour as it was when he wrote that paper. I still send out copies of his memorandum to students who want material on the Senate, because it is one of the best jobs that has ever been done. The only person who ever characterized the Senate more forcibly as a complete waste of time was Gratton O'Leary, and that was before he went to the Senate.

● (1712)

An hon. Member: What about the Minister of Agriculture (Mr. Whelan)?

Mr. Knowles (Winnipeg North Centre): I hear some reference to the Minister of Agriculture (Mr. Whelan). I wish he were here some time when we have a vote on the other place, because he has expressed himself in the past as being just as opposed to the Senate as I am.

I have been talking about the Senate in terms of the structure that was a natural outgrowth of its establishment by the constitution back in 1867. I would like to make the point that two things have developed in recent decades that are really a blot on the other place. The first is that it has become a place where conflict of interest is really at its height. I do not have with me today—I do not have any papers here—the list of the directorships and presidencies of corporations that are enjoyed by members of the other place. The banking and financial interests of this country are extremely well represented in that other place.

Sometimes the Senate is referred to as an institution that is to protect the minorities. The only minority it protects is the rich. Of course, there have been politicians in this country who have said that the rich are a minority and have the right to protection. That is what the Senate has become. They have people there representing banks, financial institutions and corporations. The conflict of interest, therefore, is literally outrageous. On that score, it was not something that was envisaged when the Senate was established, but it has developed. It has become a place that we ought to have the sense to abolish.

[Mr. Knowles (Winnipeg North Centre).]

Something else has developed in the last few decades of a parallel nature which I think is a shame and disgrace. The Senate has become a place where the Liberal party arranges for its chief organizers and money collectors to be put on the public payroll. What is the number? How many presidents of the National Liberal Federation have been Senators? This means they are on full pay until age 75 and receive a generous pension after that. They are secure. They can do the work of the Liberal party. It has always been the case that people have been rewarded with positions in the Senate because they had served the party in power, or have made contributions to it. There are persons there today who do not need the money, but because they gave money to the party, they are there.

This business of having an institution paid for by the taxpayers of Canada as a place where the officers, organizers and bagmen of the Liberal party can be put on the public payroll is a disgrace. I go further: it is a scandal that the parliament of Canada is used in this way. This is an argument I know will appeal to my friends in the Progressive Conservative party. Maybe some of them, even though they would like to get over there some day, will feel so strongly with me on this point that they will support my bill. For all these reasons, the time has come for us to get rid of the other place.

Judging by former debates on this issue, there may be some who will agree with me about the basic principle which I am putting forward, namely, that non-elected persons should not have the authority that we have. The argument may be made that we ould change it and have an elected Senate. At least it would be better than a non-elected Senate in terms of the principles of democracy. I do not have a closed mind with respect to that idea, but it would have to be considered in the whole context of what is good for this country.

We now have the conflict between the government and parliament right here in the House of Commons. We have the conflicts and confrontations that exist between the federal government and the provincial governments. If in addition to that, we had an upper chamber with moral authority to challenge our decisions, nothing would ever get done. If you had to get the federal government and the provincial governments together, if you had to get the federal government and the House of Commons seeing eye to eye, if you had to get the Senate and the House of Commons, both with equal authority, seeing eye to eye, I suggest nothing would ever be done. Just as some other countries have done away with their upper chambers, and just as all of our provinces have done away with them, we would do far better if we simply had one House of Commons comprising the Parliament of Canada. In order to be correct in terms of the legislation and in terms of my bill, parliament would consist of the Crown and the House of Commons.

What would we do with that other chamber? It is a beautiful room. Possibly it could be used for an art gallery. My friend from Edmonton Centre (Mr. Paproski) would probably suggest it would make an excellent gymnasium.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Or museum.

Mr. Knowles (Winnipeg North Centre): My hon. friend from Nanaimo-Cowichan-The Islands (Mr. Douglas) suggests that it be a museum. That is what it is now. When I first came here, one of the current stories was that the hon. member for Nanaimo-Cowichan-The Islands used to take guests into the gallery of the Senate when that place was in session. The story is that on one occasion he took some guests in and said to them, "This is our waxworks. That is what those figures are down there." The guests sat quietly for a moment, looking at the various figures. Finally, one of them turned to the hon. member for Nanaimo-Cowichan-The Islands and said, "I just saw one of them move." That is his story, not mine.

Another point that may be made is that I am coming at the question this time by means of an amendment to the British North America Act, and maybe I should wait until the constitution is brought home and redone. I accept that argument, in a sense. I have been waiting a long while to get rid of the Senate, so I could wait another year or two. But do not put that up as an argument against abolishing the Senate. If we believe in democracy in Canada, we must have it as soon as we can by having a parliament made up only of persons elected by and responsible to the people of Canada.

I admit this is not the first time I have brought in this measure. I have been at this ever since the day I came here, which was quite a while ago. Sometimes it is said to me that I am not making much progress because the Senate is still there. I do not accept that. I think I have done rather well. The other day I looked at the list of persons who were in the Senate when I came here about 35 years ago. There are only three of them left. Two of them are in their eighties and one is in his nineties. Therefore, I have pretty well got rid of the Senate as it was when I came here.

I hope this House will have enough sense to take a stand today for the complete abolition of the Senate, so that parliament and Canada can be a place of real democracy.

● (1722)

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I thank you for giving me the opportunity to take part for the second or perhaps the third time in a debate on the bill of my colleague and friend, the hon. member for Winnipeg North Centre (Mr. Knowles) dealing with the abolition of the Senate. No personal interest can be imputed to me, Mr. Speaker. If I contribute to this debate it is not because I am interested in being appointed to the Senate; considering my young age, it will be obvious that the reason for my intervention is not based on personal interest. In my opinion, the comments of my learned colleague show that he has improved his position which seems much more comprehensive than it was in 1974, 1971 and 1968. He does not say that senators are old parliamentarians who do not serve their country as much as they should.

Mr. Speaker, it has often been said that the Senate is inadequately used, underpaid and undervalued and this for many reasons. One need only look at those who make up the Senate here in Canada. Personally, Mr. Speaker, as the majority of my colleagues, and certainly as my colleague from Winnipeg North Centre, I have a great deal of admiration and respect for the greatest majority of senators, and I have friends among senators on both sides of that House. Also, this admiration and respect are based on their contribution, not only to national unity, not only by the work they achieve, but also by the great quality of their contribution. Let us consider, for instance, the work done by Senator Lamontagne and his committee, the accomplishments of the committee on poverty, the committee on telecommunications, which have been a guide for the members of this House and a help in presenting and drafting bills that now serve the people of Canada.

Let us look also at those who make up the Senate. Of course, there are former politicians, but there are some elsewhere and I shall refer to them later. We find former members of the House of Commons as well as legislative assemblies across Canada. And then, we find former mayors who, let us face it, make a very important contribution because they proceed in a different way, having different views from the members of the House of Commons when drafting our legislation. There are university, academic and business people who have been successful and it is not yet a crime to be successful in Canada. And if the Canadian government institution can benefit from advantages and sound advice from those who have succeeded in business in Canada, I think we would be ill-advised indeed not to take advantage of those skills, those resources which are available to us. And that is what the Senate is doing when one considers its membership.

It also includes Canadians from all parts and all classes of the country. There are Indians, natives, Canadians from all provinces and we know that they are 102 members altogether. And what does it mean to the Canadian population? As for us, I will talk about it later on. But for some parts of the country such as Prince Edward Island for instance, one of the reasons which prompted that province to be part of the confederation was that it would be protected by the Canadian Senate. And it is stated in the Canadian constitution that no less than an equal number of members in the House of Commons, an equal number of members of the Senate will be in the House of Commons.

And this condition is very important to ensure national unity and guarantee rights. I notice that one of my hon. colleagues does not share my views. Perhaps he could rise after me and indicate where he feels what I have said does not reflect reality, and that Prince Edward Island joined the Canadian confederation because it felt protected by this provision of the constitution whereby an equal number of members of the House of Commons must come from this part of the country. This protection was due to the fact that it had a permanent number of members in the Senate.

I must also mention the quality of contributions by my hon. colleagues in the other place. That quality evolves naturally from their very high degree of independence. Our Canadian society is facing difficulties and there is a rush for greater and greater political power, not necessarily on the part of politi-

cians. Therefore, it is very important that the upper chamber, with a lot more time at their disposal, deal not only with legislation but also with special enquiries on specific matters. Senators have much more time than we do because we have elective responsibilities, constituency responsibilities requiring that we keep in touch with our constituencies.

Mr. Speaker, reference is often made to the independence of senators and the Senate. I would like to draw a parallel between the independence of members of the legislative power and members of the judiciary. For the simple reason that senators are named for life, they do not have to justify themselves to provide for their retirement, they do not have to favour corporations. A senator is guaranteed employment until age 75, so his contribution is much more important and much more valuable then if he were not independent and did not have such security.

On the other hand, the Senate is the place for a second process of scrutiny of the legislation sent by this House. So as I said, we can rely on a number of experts from various areas, people recognized for their serious nature, experience, ability, independence and wisdom.

Mr. Speaker, the Senate is often accused of being some kind of haven or retirement for former MPs or party members. Was not Mr. MacDonald, the former president of the Canadian Labour Council, a former member of Parliament? How many former members of Parliament are now part of what I call the labour union senate? I could name some, Mr. Speaker, who went back to private life and joined the senate of labour unions, that is they have found employment there and it is very good for labour unions to benefit from those talents. I know some, as I was saying, who are making a very important contribution to labour union activities. And I am sure those unions can be glad to have among them former members of Parliament, people who have been with unions before and whose experience in the House of Commons in drafting legislation now contributes greatly to union activities.

Mr. Pinard: Age has nothing to do with competence.

Mr. Dupras: Age, no. My colleague from Drummond (Mr. Pinard) just said that age has nothing to do with competence. The only restriction, Mr. Speaker, is that people called to the Senate must be at least 35 years old.

Mr. Speaker, I think that my hon. colleagues are fairly familiar with the business of the Senate. However, in order to emphasize the Senate activities and its importance for Canadian government institutions, I should also mention the Committee on External Affairs composed of 20 members with a quorum of five. This committee is mainly responsible for the study of bills, messages, petitions, the interpretation of documents and other matters related to external relations and to relations with the Commonwealth in general, including, Mr. Speaker, the study of international treaties and agreements, foreign trade, foreign assistance, defence, immigration, territorial affairs and matters arising off our coasts.

There is also the very important Committee on Finance composed of 20 members which has a motion to this effect; once again, it is responsible for the study of bills, messages, petitions, and particularly for the study of national accounts and the report of the Auditor General, and God knows, Mr. Speaker, how essential it is to have the report of the Auditor General examined by as many experts as possible.

There is finally the Committee on Transport and Communications whose specific responsibilities are tourism, public vehicles, pipelines, transmission lines and energy transport, navigation, shipping and navigable waters. There is also the Committee on Legal and Constitutional Affairs, one on Banking, Trade and Commerce, one on Health, Welfare and Science, the Committee on Agriculture and so on.

Mr. Speaker, we have often heard that the senatorial office was of a special nature. In fact, it is of a judiciary nature. By reviewing our legislation, the senator must try to establish an equitable balance in the relations between men, between social classes and between various communities, without paying attention to the distribution of the votes. This is obvious because he is not accountable to Parliament.

I will say in conclusion, Mr. Speaker, that to make the Senate an elective body would amount to destroying its present judiciary character. Just like the American Senate, it would become a second House of Commons, and in that respect it would encroach upon the rights of the House of Commons. The division of the elected representatives of the people between two houses would bring about few advantages and a lot of inconveniences.

Mr. Speaker, the members of the New Democratic Party are not the only ones who have questioned the very existence of the Senate. I now would like to conclude my remarks by giving a brief summary of the conclusions reached by Professor Konz of McGill University in his study on this part of the Canadian government system and I quote:

> The most obvious are linked to the continuous expansion of the studies of the Senate committee in the field of legislation, control and inquiry but most particularly in the last two fields. Greatly helped by the flexibility of its calendar and its impartial spirit, the Senate could develop important and efficient means with which to control certain aspects of the financial administration, especially as it relates to Crown corporations . . .

These remarks are quite pertinent, Mr. Speaker.

> . . . and investigate certain practices of the executive, particularly with regard to legislative delegation. The Senate could also increase the number of special inquiries that it carries through each year and enlarge both their purpose and scope. All of it requires little external impulsion and could be achieved through creative leadership and a few changes in the internal structure. In fact, the best practical means to "reform" the Senate seems to reside in taking advantage of the inherent possibilities within the structure of that very institution.

Mr. Speaker, before closing my remarks, I would like to say a few words and I know that my hon. colleague from Winnipeg North Centre (Mr. Knowles) will bear a grudge against me if I did not say a few words on his Bill C-203, and particularly with regard to clause 9 at page 2, for I am a little disappointed by this part of the bill which states and I quote:

● (1732)

[*English*]

"Use of English and French languages":

133. Either the English or the French language may be used by any Person in the Debates of the House of Commons of Canada and of the Legislature of Quebec; and both those languages shall be used in the respective Records and Journals of those Houses; and either of those languages may be used by any Person or in any Pleading or Process in or issuing from any Court of Canada established under this Act, and in or from all or any of the Courts of Quebec.

There must be a reason for this, Mr. Speaker. I wonder why the sponsor of the bill limited this aspect of the bill to the House of Commons and the province of Quebec. Perhaps before the end of this debate he would be permitted to tell me why clause 9 refers only to the House of Commons and the province of Quebec in regard to pleadings in the courts and to the legislature.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question?

Mr. Dupras: Yes.

Mr. Knowles (Winnipeg North Centre): Does the hon. member not realize that what I have done in drafting this clause is simply to repeat section 133 of the British North America Act as worded at the present time, simply leaving out the reference to the Senate? In other words, does he not realize that I am not touching the language issue? I am not altering it as it now stands but dealing only with the question of abolishing the Senate.

Mr. Dupras: I thank my distinguished colleague for telling me his position. I knew he was only repeating and more or less renewing section 133, and that is why I posed the question. I was not criticizing my hon. friend; I was just asking him why he did not take advantage of this bill to widen the scope of this section so as to include all of the courts and legislative assemblies of the country.

Mr. Knowles (Winnipeg North Centre): Then the debate would be on two issues.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my contribution will be brief so as to allow time for other colleagues who wish to participate in this debate. I should like to commence my remarks by congratulating the hon. member for Winnipeg North Centre (Mr. Knowles) on his tenacity in regard to this particular issue. I know this matter is near and dear to his heart. He mentioned the fact that he has survived a number of Senators who were here when he first came here. I trust that reference in no way indicates his support for the proposition that any member of the House of Commons should be obliged to retire at the age of 75, because this might deprive the House of the very valuable services of that hon. member. I am sure he appreciates the fact, while he has led the good life, many of those Senators have gone from the other place by virtue of this new provision in the statute as opposed to being less durable than the hon. member.

Mr. Knowles (Winnipeg North Centre): In that respect, Mr. Speaker, like the right hon. member for Prince Albert (Mr. Diefenbaker), I plan to stay a long time.

Mr. Hnatyshyn: This puts me in mind of a story, Mr. Speaker. We all know that lists of applicants for the Senate are placed before the Prime Minister in great numbers. In fact, it is a very popular place to be appointed to.

Mr. Dupras: You are too young for that.

Mr. Hnatyshyn: I speak for the parliamentary secretary who appears to be a prime candidate on that side for the Senate, and who gave a very spirited defence of that institution.

This reminds me of a story concerning Sir John A. Macdonald who attended the funeral of a deceased Senator. He was standing beside the grave, and just as the coffin was being lowered into the ground one of the aspirants for the vacancy created by the death of the Senator approached Sir John and whispered in his ear, "Sir John, I want to take his place." Sir John is reported to have replied, "I am afraid it is too late."

I am afraid that we in Canada have to admit that we do have an institution which perhaps represents something of the spiritual nature of this country. I refer to the chamber regarding which it is said that, after a political death, there is indeed a heaven, and that heaven is the Senate of Canada.

At the outset I must declare, as seems to be the appropriate thing to do in parliamentary terms, a potential conflict of interest in addressing myself to this bill. At one time I served as an executive assistant, in what we call the good old days, when the right hon. member for Prince Albert (Mr. Diefenbaker) was Prime Minister. I was executive assistant to the government leader in the Senate. The distinction of that office was enhanced by the fact that our present Clerk of the House, Mr. Alistair Fraser, was at that time executive assistant to the leader of the opposition in the Senate, so I had good company in that august chamber.

I should also mention that my father was a member of the Senate. Therefore in addressing myself to this bill I must declare a potential conflict of interest in the sense that I have that particular background, that particular vantage point, with respect to the Senate.

I want to make two or three observations about the Senate which are based upon my experience of observing that particular body. Apparently the hon. member for Winnipeg North Centre desires to take a black or white approach to the Senate of Canada. In other words, if he is critical of the operation of that body then his facile answer is simply to abolish the institution. Before we do that I think we should look at this institution in the context of modern times and current political situations to see whether it in fact could perform some reasonable function, by way of examples, in the performance of preserving Confederation, possibly, or for the purpose of serving and representing more adequately than it now does the regional aspirations and interests of the country.

● (1742)

I think now, when we are talking in terms of national unity, keeping our country together and upholding the regional aspirations of different sections of the land, it may be time for us, prior to any consideration of abolishing that institution, to consider amendments to the existing constitution, or changes in existing constitutional legislation which would have the effect of improving that institution, making it more responsive to the purpose for which it was first created, and in fact making the Senate of Canada a part of the over-all plan of helping the people in the different regions in Canada feel that they are participating in a Confederation worth saving. As the Leader of the Opposition (Mr. Clark) has already suggested, provision might be made to allow for participation by the provinces in the appointments to the Senate.

I say to the hon. member, when he makes the point that the Senate of Canada in fact has the official right to change legislation that comes from this House, that we should look seriously at changing those provisions by making it quite clear, through constitutional provision or otherwise, that the supreme body in the Parliament of Canada in respect of legislation should be, is, and will continue to be the House of Commons.

We should surely make it clear that, if there is a dispute between the two Houses, the decision taken ultimately by the House of Commons is the decision to be entered into the law, and that the position of the Senate is only an advisory position as opposed to a position carrying a constitutional right to hold up legislation that represents the will of the House of Commons.

The second point I wanted to make is that we may indeed have to look at the situation in terms of having a different method of appointing members to the Senate. I concur with the remarks and observations of the hon. member for Winnipeg North Centre. I agree there are very strong and appropriate criticisms to be made of the Senate by virtue of its present composition and the use being made by the government of appointments to that place. I refer, of course, to the fact, and it is no secret, that the Liberal party and government are populating that particular chamber with their party organizers, bagmen, political advisers and others. Those people are now being supported by the Canadian taxpayer. I join with that hon. member in criticizing the particular way in which the Government of Canada has regarded the Senate, and that is with the same sort of contempt with which it regards this part of the Parliament of Canada, the House of Commons. I join with the hon. member in his criticism of this particular tendency of the government.

Mr. Knowles (Winnipeg North Centre): Scandalous!

M. Hnatyshyn: There may be ways in which to deal with that particular tendency. Whether we like it or not, the preponderance of government in the past 50 years has been that of the Liberal party. It has not taken upon itself to make sure that all areas and all points of view are represented. But it does make sure that all areas of the Liberal party are represented, and in this way brings the whole institution into disrespect.

It is my suggestion that we might consider an amendment or constitutional revision to limit the duration of a senator's tenure to possibly eight or ten years. In this way we would ensure a greater turnover, with more and differing points of view. An amendment should be made in such a way that the provinces might have more input in the appointments made to the Senate so that their points of view and perspectives could be brought to the Parliament of Canada in an unique way, strengthening our Confederation as opposed to weakening it. In that way the provinces would have a forum in which to discuss their points of view.

I do not wish to take much more time, because I know other members wish to speak. I simply make the point that whatever we say about the Senate, and we could talk for hours and hours about the relative merits, drawbacks, and even some of the abuses that have taken place, the fact of the matter is that the Senate is a legislative forum which would provide us with an opportunity, if we operate the institution properly by making sure appointments are based on reasonable and equitable rules, of having available to us in parliament the points of view of a wide variety of people who might not otherwise be involved in politics. It would give those people an opportunity to bring their expertise to parliament.

When we are considering this particular body one should realize that, while there may be abuses in respect of appointments, in other jurisdictions and in other countries political patronage often operates by way of appointments to the foreign service or important jobs within the public service.

I would ask this rhetorical question: are we not better off, aside from the question of abuses, in having failed politicians appointed to the other place, in that forum in which they can participate in debates, and in a setting in which they are more suited, rather than having them appointed to important public positions in which they could perhaps do a greater disservice to the country through incompetence or abuse? Are we not better off having them in a forum in which they can participate in debates, but in a place where they cannot by themselves cause a great deal of damage or cost the country an amount of money, such as might be the case were they put into positions holding great power?

Rather than populating our public service with failed politicians, or politicians who have not been successful, to put it more graciously, is there not some advantage in a continuation of the Senate?

Mr. Knowles (Winnipeg North Centre): I thought I was unkind to the Senate, but what the hon. member is saying is a lot worse.

Mr. Hnatyshyn: I am not being unkind. I am trying to be as reasonable and equitable to that institution as possible.

I want to conclude by underlining my support for the hon. member's point of view in respect of the way in which the government has operated the Senate. I feel the hon. member

has made some valid observations about some of the abuses that have taken place, but the answer should not necessarily be abolition of that institution.

Let us make sure our conflict of interest rules in parliament are brought forward, applied, promulgated and enforced. We cannot have the senators operating by some unwritten rules unless we in parliament ourselves set down precisely what we want as far as conflict of interest rules are concerned. I have in mind the potential conflict of interest which could exist on the part of a member of the Senate who was a principal adviser to the Liberal party or the Prime Minister (Mr. Trudeau), and was involved in any sort of business transaction with the Government of Canada. I see that as a potential conflict of interest. That senator, or a prime minister, might shrug it off by suggesting they are good guys and would never do anything wrong or give any appearance of preferential treatment or things of that sort.

The fact of the matter is that when people become involved in the Parliament of Canada they should be subject to rules that all of us understand, specifically those which involve the possibility of a conflict of interest, so that not only is justice done but it will appear to be done. In this way there would be no perception on the part of the average person in the country that some special attention is being paid to a proposal by virtue of the fact that a senator was acting as an agent in communicating with the government.

What I am saying is that there are many reasons for criticizing the Senate, but I would prefer to change some of the constitutional aspects, making the Senate a more responsible body, utilizing it in many ways of value to the country including to assist in providing a solution to the unity question with which we are faced today.

For those reasons, and not because I am without sympathy for some of the points raised by the hon. member, I cannot support his position in suggesting the abolition of the Senate.

• (1752)

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, from time to time one wonders how constructive members are in their approach to the private members' hour.

I want to take the opportunity to compliment the sponsor of Bill C-203 which is before us this afternoon. I have gained even a greater respect for this man than I had before arriving in this Chamber. Without being too facetious, I was wondering to whom he was referring when he attempted the humorous remarks about the House of Wax and people who appear to be of a certain vintage. We have heard it said many times that probably he should accept an invitation to go to the other place.

Mr. Knowles (Winnipeg North Centre): I thought you had some respect for him.

Mr. Harquail: He has mentioned that he has attempted this motion many times over the last 10 or 15 years. He has boasted the fact that he has outlived most of the members of the Senate, save three or four.

Some years ago the hon. member for Winnipeg North Centre (Mr. Knowles) stated "I think this whole idea of a body of non-elected elder statesmen . . .". Certainly I would not think the hon. member for Winnipeg North Centre would have anything against elder statesmen, because I place him in that category. I place him there with more than due respect. It has to be said that all hon. members in this Chamber have expressed the great respect which we have for the hon. member for Winnipeg North Centre.

Some hon. Members: Hear, hear!

Mr. Harquail: Therefore I do not have much to say about what he said this afternoon, but I would like to comment upon what he failed to say. He did not refer to the position of the government as it was stated in the previous Speech from the Throne, where the government's position was made very clear, that in part there is some agreement with the hon. member's sentiments in regard to the existing Senate structure. He did not talk about the desire of today's government with respect to reform of the Senate. Indeed, the right hon. Prime Minister (Mr. Trudeau) has made his position very clear on more than one occasion, both inside and outside the House, with respect to his desire to see reform in the Senate.

The hon. member for Winnipeg North Centre did not take the opportunity this afternoon to make the position of his party clear with regard to the whole discussion on bringing back the constitution to Canada, or the repatriation of the constitution, which would enable us to proceed with the much talked about and desired reform. This would be one area which would permit us to act in that direction, which the hon. member has indicated he would like to see done. I do not agree with his over-all request for the abolition of the Senate.

Some of the excellent work carried out by the Senate has been referred to this afternoon, such as the excellent work by Senator Croll in the poverty committee; Senator Hastings in the penitentiaries studies; Senator Michaud in the agricultural studies, as well as Senator McElman in the communications inquiry. All the reports and committee work which have been undertaken by the Senate must be highly commended.

In so far as the hon. member for Winnipeg North Centre is concerned, he is well aware of the present structure of the Senate. It is a creation of the British North America Act, and as such plays a role in the making of laws. It acts as a protection for the provinces in terms of legislation which flows from this parliament to the other place.

I would have thought the hon. member for Winnipeg North Centre would have stuck to the subject of the bill. He mentioned that from time to time some mistakes are made in this House. I would have to agree with him in this regard: we have seen mistakes made in the last week or so by the Conservative party and the New Democratic Party with respect to the innuendoes and accusations which have been made. He did not talk about the hon. member for New Westminster (Mr. Leggatt) bringing in a document which he did not bother to verify

and correctly substantiate, and yet took it upon himself to take that one further step with respect to false accusations and innuendoes.

It surprises me that the hon. member for Winnipeg North Centre would refer to the fact that from time to time mistakes can be made. It was not the intention of the creators of this parliament to witness the type of errors and disrespect which has been expressed and shown by quite a few members opposite in recent days. I mention this only by virtue of the fact that the two previous speakers took it upon themselves to attempt to bring in some form of petty politics when we were discussing Bill C-203.

Mr. Dean Whiteway (Selkirk): Mr. Speaker, because it is three minutes to six o'clock, because I appreciate even these three minutes to speak on the bill introduced by the hon. member for Winnipeg North Centre (Mr. Knowles), and because my colleague has been here for more years than I am old, I hope I will be able to teach an old dog new tricks.

I have read the speeches of the hon. member for Winnipeg North Centre which he has presented in his Chamber before. He is singing the same old tune. I thought along the way he would have picked up something more concrete than simply to abolish the other place. I hope to hear that elder statesman say that perhaps the Senate ought not to be abolished but reformed to make it meaningful.

It is equally astounding that my hon. colleague, who is well known in the country as a defender of the democratic system, would suggest that we ought to abolish the Senate and only have an elected House of Commons based on representation by population. That would leave regions of this country, especially the smaller provinces, without any system of checks or balances and without any equalized power to the central provinces, namely, Ontario and Quebec. I find it absolutely astounding he did not somehow suggest that the Senate would be that kind of compromise.

I wanted to trace the constitutional convention of 1789 in Philadelphia in order to demonstrate the problems they had with the same kind of dilemma, how to balance the power in a federal system between the larger provinces and the smaller provinces. I was disappointed that the hon. member for Winnipeg North Centre did not suggest that the Senate should consist of equal representation from each province, comprised of nine Senators appointed by provincial legislatures for a six-year term on a rotating one-third basis, and three Senators each for the Yukon and the Northwest Territories, and that this Senate would indeed be—

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but the time for private members' business has expired.

[Mr. Harquail.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

ROYAL CANADIAN MOUNTED POLICE—POWERS OF McDONALD COMMISSION INVESTIGATING ALLEGED ILLEGAL ACTIVITIES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, as Your Honour is aware, and as the House is aware, it is not the normal practice of the Leader of the Opposition to take part in the adjournment debate; but I am doing so today because, in my view, there is a fundamental principle of the parliamentary system which is at stake here and which is being violated by the Government of Canada. The principle is that ministers of the government must take responsibility for the acts of civil servants under their general direction. That is well established in all the writing about the parliamentary system in this country and elsewhere.

● (1802)

I quote briefly from McGregor Dawson's basic textbook "The Government of Canada" where Professor Dawson says:

> The Minister at the head of every department is responsible for everything that is done within that department.

From "Constitutional Law" by Wade and Phillips, as reproduced in H. V. Wiseman's book, "Parliament and the Executive", we find the following:

> For what an unnamed official does or does not do, his Minister alone must answer in Parliament and the official, who cannot be heard in his own defence, is therefore protected from attack. The positive liability of a Minister is essential to the performance by Parliament and, more particularly, by the House of Commons of its role of critic of the Executive.

That authority goes on to make a fundamental point in this case, and that is that no minister can shield himself by blaming his official.

What we have seen far too frequently in the practices of this government is precisely the practice of blaming officials where the ministers themselves should take responsibility. We saw that in the case of Larry Stopforth, in the case of the executive assistant to the present Minister of Supply and Services (Mr. Goyer), and now in this case we are seeing it in the case of the Royal Canadian Mounted Police.

The House and the country know that there were illegal acts, but what we have to determine is by whom were those illegal acts committed and at whose direction. Let me come to the question of "by whom". They were committed, so far as is known, by members of the security services, and here I make the distinction between members of the security service and members of the regular force of the RCMP.

Some hon. Members: Hear, hear!

Mr. Clark: As the minister well knows—even though he has tried to keep this from the House—and as the House should

know, the security service reports, in theory, to the Commissioner of the RCMP. Actually, it is under the direction of a director-general who is not a member of the force. General Dare came from outside the force, as did his predecessor. The director-general reports directly to the Solicitor General of Canada and to the Prime Minister as well as to the Commissioner. So in the case of the security service, whose people stand accused of illegal acts, there is a very real question as to whether the activities of the security service are under the control of the Commissioner of the RCMP. There is a very real question as to that, and that is an important distinction for the government to begin to make clear to the people of Canada.

The more broad, fundamental question is: "at whose direction did the members of the security service act?" The answer to that at this stage of our knowledge in the House of Commons is that we do not know. We do not know what the Prime Minister or solicitors general said to the director-general of the security service. We do not know if the instructions which were given regarding the FLQ were so broad that any reasonable member of the security service would believe that he simply was doing what his master had directed him to do when he was in breach of the law of Canada. We do not know those things because we have not been told by the Government of Canada just what is going on here, and, indeed, we may never know because ministers refuse to give information here on the floor of the House.

Today in answer to a question of mine, the Prime Minister said that the government may put limits upon the testimony it gives to the McDonald inquiry regarding precisely what was the role of the Prime Minister and what was the role of the then solicitor general in the actions which occurred. Again the Prime Minister is setting himself up to blame another civil servant, because what he said in his answer to me today was that if they do not tell the whole truth to the McDonald inquiry the people they will blame are the law officers of the Crown, rather than accepting the responsibility themselves.

● (1807)

What we have been concerned with throughout this piece is that ministers have tried not to know what they should have known. That was the case with the Minister of Supply and Services when he was solicitor general and deliberately did not raise questions as to what had been done. Even though he received correspondence which should have caused any reasonable minister to ask questions, he did not. Now, of course, we have the Prime Minister making it clear that in the occasional briefings—in the regular briefings held by the government in these matters, the attitude of the government is, by and large, a passive one, receiving information, not asking questions as to how the security services are carrying out the general direction of the Government of Canada. What disturbs us—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. Leader of the Opposition (Mr. Clark) that his time has expired.

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, given the fact that in this kind of debate the leader of the opposition (Mr. Clark) has seven minutes speech time and the government has only four minutes to reply, I will have to stick rather tightly to what has already been said by the hon. leader of the opposition. Briefly put, Mr. Speaker, having listened to the leader of the opposition and having noted that his presence in the House at this time of day is rather extraordinary, we can wonder about the purpose of his motion. I for one thought that he was referring to the exchange of questions that occurred yesterday in the House relating to the powers that have been vested in the royal commission of inquiry.

[*English*]

Mr. Speaker, I should like to point out that it seems time and time again people in the House are refusing to read the terms of reference that have been given to the Royal Commission of Inquiry. I believe that any fair observer would say the terms of reference that have been given to the Royal Commission are extremely wide.

Why did we set up a Royal Commission of Inquiry? A Royal Commission of Inquiry was set up last July in response to a number of allegations that were made known to the government at that time. Prior to that the Leader of the Opposition was pressing for a royal commission. He then asks the following question during this debate: by whom were these acts committed and at whose direction? I would venture to suggest that the basic purpose of the Royal Commission of Inquiry is to get at the bottom of exactly who committed the acts and at whose direction. I think if you look at the terms of reference—

Mr. Speaker, an hon. member on the other side says change the terms of reference. If you look at the terms of reference—

Mr. Clark: We have.

Mr. Fox: If you have, I suggest you re-read them. They are extremely wide. I should like to make one point very clear once again, a point that has been made time and time again in the course of debate in the House, that is, that the chairman and members of that commission have all the powers required under the terms of reference to look at an illegal act, if there is one, and to follow the nexus all the way up to wherever it leads.

I see that the Leader of the Opposition is nodding, and I trust he is nodding in agreement. He is nodding in disagreement. I wish he would point out to me—I believe I have read the terms of reference in as impartial a manner as I possibly can and I am sure the Leader of the Opposition has done the same thing. I am personally convinced that the Commission of Inquiry has all the powers necessary to do that. And I would suggest that if it does not, if the Leader of the Opposition feels that it does not, I would imagine that the chairman of the commission would also have that feeling and would come back to us and say, "We really feel that you just have not gone as far as you wanted to go. We need additional powers to be able

to complete an investigation." I for one believe it is necessary that the Commission of Inquiry have the powers necessary—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the minister that his time has expired.

VETERANS AFFAIRS—REQUEST FOR INCREASE IN BASIC PENSION—GOVERNMENT POSITION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question relates to a different matter but it is equally serious. The reason I say it is equally serious is because it involves good faith.

May I say at the outset that the Minister of Veterans Affairs (Mr. MacDonald) explained to me satisfactorily why it is not possible for him to be here at this time, but I trust that the message I shall try to get to him through his parlamentary secretary will be very seriously considered.

• (1812)

My question arises from answers that the Minister of Veterans Affairs has given both to my friend, the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), and me, regarding the basic rate of the war disability pension. The history is long, but it can be put in a nutshell.

Originally the war disability pension, which was established shortly after World War I, was related to a certain level of pay in the then civil service. Over the years it got way behind that. As a result of the Woods commission study, the matter was reviewed and in 1973, following a study by a special tripartite committee, the 100 per cent disability pension was geared to the average income of five designated levels in the public service. Therefore in 1973 we got back to where we were in the early twenties.

When that new basis was established in 1973, the urging of the tripartite committee and of the Standing Committee on Veterans Affairs was that that level be maintained, that as the wages of those five categories of public servants went up, the basic pension should go up accordingly. The government refused to accept that part of the recommendation, and said instead that from 1973 on the basic rate would go up in accordance with the rise in the cost of living. That, Mr. Speaker, we regarded as unfair, breaking faith with the veterans of several decades, but the government put it through.

Between 1973 and now, even with the raising of the pension according to the rise in the cost of living, there has developed a $500 a year gap between what the veterans are receiving and the average wage of those five designated groups. In other words, what we predicted in 1973, because the government refused to accept our recommendation at that time, has come true, and come true with vengeance. Our veterans today are close to $540 a year behind the counterpart average in the public service.

A year or so after the 1973 change, because of representations members like my friend and some of the rest of us were making, the government began to show interest. We had so many favourable answers to our questions last year that the veterans of Canada thought it was going to be done. I certainly thought so. It looked to me as though we had made the point, that the Minister of Veterans Affairs would not let the veterans down.

Last Wednesday and Thursday the minister answered the two of us by saying the government haddecided not to increase the basic rate, in other words not to put it back to the standard that was accepted in 1973. As if that were not enough, refusing to make an increase, the minister made a statement which veterans across Canada feel is insulting. He said he was sure that, as good Canadians, they would accept the decision of the government and not ask for this increase in this time of restraint.

My experience with veterans' organizations is that, although they press their point, they do it with care and dignity. They refrain from using strong language. However, the word I am getting now from veterans' organizations through letters and their publications is to the effect that they have to take the gloves off. Good faith has not been kept with the veterans by the government in refusing to keep the proposal that the basic pension should be geared to the standard in those five designated groups and kept at that level.

I have every reason to believe that the minister agrees with this proposition. Last spring he told us, time and again, that it was being considered, that he was hopeful he would be able to do it. It is his colleagues in cabinet who have turned him down. I hope he has fought his level best with the cabinet. They have done a disservice to him and a disservice to the veterans by this decision.

I know the government is in economic trouble. However, the last people the government should take its economic troubles out on are the veterans of this country. But it is doing it on the veterans, it is doing it on the senior citizens, and to my mind this is extremely serious. I am glad the veterans organizations are saying the time has come to take the gloves off. I put it to the minister, through his parliamentary secretary, that the answer he gave the week before last cannot stand.

• (1817)

I see some of the members on the Standing Committee on Veterans Affairs, including the chairman, sitting over there during this adjournment debate. I hope there will be support from all sides of the House, and that the answer the minister gave will not be allowed to stand. The veterans long ago have shown that they are good Canadians and that they deserve to have the promises made to them kept. I therefore call upon the parliamentary secretary not to try to defend what has happened but to assure the House he will put the case to the minister as strongly as he can. This battle must be won.

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I welcome the intercession of the hon. member for Winnipeg North Centre (Mr. Knowles). There is no question that these veterans are good Canadians. We know that. They have proven it over the years.

The hon. member has raised the question of the government's intended action with respect to increasing the basic rate of pension for veterans who suffer disability because of their military service, or for their surviving dependants.

The problems of these pensions have been before the government on numerous occasions in recent months. The hon. member will, I am sure, agree with this statement on the basis of the consultation he himself has had with the minister in this regard. Recently, as the hon. member pointed out, the minister stated that the government had decided it was not possible at this time to increase the basic rate of pension for death or disability related to military service. The normal increase of 7.2 per cent related to consumer price index changes will, however, come into effect on January 1, 1978. Additional funds over and above the amount needed for this purpose are just not available at the present time. This does not mean the minister is in disagreement with what the hon. member has said.

Although it cannot provide an additional increase, I would remind the House that the government has had the well-being of veterans very much in mind over the years.

Mr. Knowles (Winnipeg North Centre): Prove it!

Mr. Parent: I will. In January, 1971, for example, the rate of pension for a veteran whose disability was assessed at 100 per cent and who was unmarried with no dependants, was $255. Increases granted since then, together with annual consumer price index changes, have resulted in a substantial increase. As of January 1, 1978, the basic rate for an unmarried 100 per cent pensioner will be $596.70 a month—an increase of 125 per cent in the period mentioned.

I might point out, also, that a married 100 per cent pensioner will receive a basic rate of $745.88; if he and his wife have two dependent children, the rate will increase to $880.15 a month. A widow without children will receive $447.53, and if she has two dependent children her pension will be $716.06. These are not the actions of a government which has no heart and which does not care.

Yes, there is still a great deal to be done but it is no use throwing up our hands and saying that everything which has gone on so far has been of no avail.

Mr. Knowles (Winnipeg North Centre): Still $500 behind.

The Acting Speaker (Mr. Turner): I am sorry to interrupt the hon. parliamentary secretary, but the time allotted to him has expired.

● (1822)

FINANCE—REQUEST FOR DETAILS OF $150 MILLION JOB CREATION PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, on October 27 I asked the Minister of Finance (Mr. Chrétien) for an assurance that the new funds allocated by the minister's mini-budget for the Federal Labour Intensive Program would not be allocated on the basis of patronage. I almost made a slip of the tongue there; I nearly said Federal Liberal Intensive Program. We do not want a federal Liberal intensive program; we want a fair distribution of these make work funds.

My question was prompted by the fact that under Phase II of Canada Works the Minister of Employment and Immigration (Mr. Cullen) changed the rules. Up until Phase I of the program, and under the previous Local Initiatives Program, funds had been fairly distributed on the basis of Statistics Canada unemployment figures and projections of unemployment by Statistics Canada.

Then on July 9, Mr. Speaker, we were informed in a letter from the minister, and I quote:

> I am sure you will be pleased to learn that my department has, for Phase II, produced a new data base for use in the allocations of funds—

Mr. Speaker, we are not pleased. Nobody who examines the record can be pleased. An examination of the record will convince any objective observer that the government is using the old pork barrel technique, that, in the words of one of my colleagues, there is hanky-panky at work. The formula used for determining allocations for Canada Works Phase II uses as a data base the number of unemployment insurance beneficiaries within a given constituency. This does not reflect the true unemployment rate in the constituency. For example, it does not take into account people who have never had a job but who are looking for work, such as our youth.

As evidenced by the figures released today by StatCan, the formula does not and cannot take into account people in the Atlantic provinces, for example, who represent 40 per cent of the figures, people who have been unemployed for more than three months and hence whose benefits are expiring. These people will no longer be reported for the allocation of funds under this program.

The formula also does not take into account pockets of unemployment within a riding. For example, a rural-urban riding, with an over-all unemployment rate of under 7 per cent, would qualify for only the basic $100,000 allocation, but there might well be areas in the riding where the unemployment rate is well above 7 per cent, as is the case in my own constituency.

Here is what my examination of the allocation of funds has shown, and this is just a very brief examination of the experience we have had to date. The grant for the Newfoundland Liberal riding of Bonavista-Trinity-Conception jumped from $1.6 million to $5.5 million. Next door, the funds for the neighbouring Conservative riding, my own constituency of St. John's East, were cut from $1.9 million to $1.8 million.

Cardigan, the one P.E.I. riding that went Liberal in 1974, had the largest increase of any P.E.I. riding, jumping from $0.3 million to $1.8 million. That riding is held by the Liberal cabinet minister from P.E.I., the Minister of Veterans Affairs (Mr. MacDonald).

Allocations to the Nova Scotia Liberal riding of South Western Nova jumped to $2.8 million from $0.3 million, an 800 per cent increase, an increase grossly disproportionate to the two neighbouring Conservative ridings. Grants to the PC

ridings of Annapolis Valley and South Shore were less than half of this.

Further, allocations to the riding of the government House leader, Cape Breton Highlands-Canso, jumped from $0.7 million to $3 million, an increase of 435 per cent. While allocations to Nova Scotia Liberal ridings jumped by over 500 per cent, two Conservative ridings actually had their allocations cut in that province. Allocations to the riding of the independent member for Moncton were cut by $130,000, while allocations to surrounding ridings were actually increased.

On the west coast of the country, allocations to the Liberal riding of Vancouver East, won by only 66 votes, I might add, in the 1974 election, were increased by $350,000, while all surrounding ridings held by other than government suporters had their allocations cut. Allocations to this riding, for example, are grossly disproportionate to the surrounding ridings, most of which received only the bare minimum allocation of $100,000. Nine ridings in British Columbia received the $100,000 minimum allocation. Eight of those ridings happen to be held by Conservative members of parliament, which I suggest is more than a coincidence.

● (1827)

If this program of job creation, which has assumed a new importance because of the growing rate of unemployment and because this is the only positive response we have had from the government to this growing rate of unemployment, is to be fairly and impartially administered, then I suggest the new method of allocating funds cannot stand up to the scrutiny of the light of day. Therefore I suggest to the minister that he should resort to the old allocation system.

Further, it is our intention to pursue this matter when the minister comes before the committee, and I would urge the minister to examine what he has done in this regard because it is indefensible. This is the only response we have had thus far to the rising unemployment situation. Not only to be fair, but in order to be credible, this program must be seen to be fair by all Canadians.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, the hon. member for St. John's East (Mr. McGrath) has indeed brought forward a subject which interests all active members in this House, especially those of us who represent ridings where we are always seeking opportunities for our constituents to be employed. Both of us represent areas which are in great need of funds such as those he has mentioned.

I was under the impression the hon. member was going to deal with the topic of FLIP. As he is aware, a new FLIP program has recently been announced. Without any commitments having been made to it, I understand over $500 million worth of applications by various government departments have already come to the attention of the Treasury Boad, and others are being submitted.

I should like to refer to last year's FLIP program, which was much less than this year's program. Out of the $40,949,000 spent, Newfoundland received $4,082,000 for 2,995 man months; Prince Edward Island received $559,000 for 527 man months; Nova Scotia received $4,377,000; New Brunswick received $2,812,000; Quebec received $9,353,000; Ontario received $7,634,000; Manitoba received $1,697,000; Saskatchewan received $2,242,000; Alberta received $1,736,000; British Columbia received $5,909,000; the Northwest Territories received $196,000; and the Yukon received $352,000. Based on those figures, the FLIP program was very well administered.

Dealing with the subject he raised in regard to certain ridings receiving vast amounts and others receiving a bare minimum under Canada Works, if we had had the time to go through the 264 constituencies I am sure we would have noted that there are a great many ridings held by Liberal members of parliament which also received the very basic minimum.

My own riding received an increase to $2½ million this year, but the great need for this program is evidenced by the more than $6 million in applications which were made by the people. I am sure I will never be satisfied, nor will my constituents, with the budget announced for my riding. The fact is that there is a great interest, and indeed $2½ million may seem like a great amount to a riding not too far away from mine which received $100,000. If you compare the applications, the unemployment, and the needs in these ridings, perhaps that would be a more fair way of making a comparison.

The hon. member is to be congratulated. I think we are both in agreement that government funds must be spent where they are needed to create jobs. No one argues that point.

● (1832)

It is unfair to mention two or three Conservative ridings when we both know who got the barest minimum. If we want to put it on the record, there are a great many Liberal ridings on the very—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the parliamentary secretary that his allotted time has expired. The motion to adjourn the House is now deemed to have been withdrawn.

Motion withdrawn.

The Acting Speaker (Mr. Turner): I do now leave the chair until eight o'clock tonight.

At 6.32 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Eudore Allard (Rimouski): Mr. Speaker, when five o'clock was called, I was saying that the farmer's income declined again this year. That has to change. In that respect, I would like to quote a letter I just received which reads as follows:

> In this matter which has been going on for too long, the Federation always maintained a positive attitude and met its commitments so that this week the trustee again informed the Canadian Dairy Commission that an amount of over $2 million was available to it as soon as it can prove it is entitled to it and met its obligations by sending the subsidy cheques to the producers.
>
> Contrary to rumours you might have heard the Federation has in trust all the monies withheld and so informs the Commission, asking it to provide in writing a legal opinion concerning its right to withhold 25 cents on every class 1 hundredweight. We are still waiting for the written legal opinion. Is the Commission trying to use blackmail to withhold an amount without having jurisdiction to do so?
>
> The stratagem used by the Canadian Dairy Commission is as old as the world. "If you want to defeat your enemy, cut off his supplies."
>
> So we were mistaken because we thought we were partners in the provisional comprehensive milk marketing plan, not enemies.
>
> However, Quebec fluid milk producers do not give in to blackmail wherever it comes from.
>
> The Minister of Agriculture, the Canadian Dairy Commission and all Quebec members of Parliament in Ottawa must be made aware of this situation. Therefore, all Quebec consumer milk producers will show their solidarity and voice clearly and loudly their intention not to give up to this kind of blackmail. They are respectable businessmen who meet their obligations and who expect the same from those with whom they deal.

In this regard, why does the Treasury Board not make the necessary funds available to the Minister of Agriculture to enable him to pay a part of the cost of the milk distribution program in schools put forward by the province of Quebec? Surely such a program can only result in increasing the consumption of dairy products among our youth while improving their nutrition habits. Besides, it can be expected that the school milk program which I have referred to will reach 175,000 school boys and girls no later than next December. Is it not a real success, Mr. Speaker? Why should the federal government not do the same in other economic sectors?

A few weeks ago, I read the following in a paper:

> Quebec furniture industry, a victim of the federal government.

As a matter of fact, the article read as follows:

> The federal government is responsible for the decline of another Quebec industry which was supposed to be viable, namely the furniture industry.

Why, Mr. Speaker? Simply because of a lack of leadership by the federal government which resulted in the Canadian furniture market being flooded with foreign products, so that furniture imports have increased by 26.3 per cent last year. Needless to say, the situation is such that an estimated 3,000 Quebec workers in the industry have lost their jobs since the beginning of the year. And yet, does the Quebec furniture industry not have an interesting future? Because of its inaction, the present government is the big culprit. Indeed, the market continues to be flooded with imports at the expense of local businesses. The furniture industry is not the only one affected, just consider what has happened in the footwear industry. In both these industries, the federal government has failed to protect local producers and has allowed the market to be flooded with foreign products.

With regard to the changes made in the Income Tax Act concerning the individual, we see that Bill C-11 recommends an increase of $100 in the amount that can be deducted as employment expenses, raising the maximum to $250. In this regard, on March 28 last, I asked the House, pursuant to the terms of Standing Order 43, for unanimous consent to present a motion to that effect. In short, I was asking, no more and no less, that section 8(1)(*a*) of the Income Tax Act be amended to allow deduction of all travelling expenses incurred by working people to get to work and come back home using public transportation, for tax purposes, provided vouchers were filed. In my humble opinion, the $100 increase granted by the federal government is really not adequate.

Subject of course to some exemptions, most wage earners under the act as it stands can claim only up to $150, a deduction equal to 3 per cent of the income from a job, when in fact it costs them anywhere between $300 to $600 a year to get to work and come back. I sincerely feel that it would be more advantageous if most workers or wage earners generally were encouraged to use public transportation to shuttle back and forth from work because, on the one hand, it would save a whole lot of energy, and on the other, it would save hundreds of millions of dollars paid out in subsidies by the various levels of government. So, in short, with my motion of March 28 last, I was asking the government to allow for income tax purposes, certain tax benefits to those who have to get to work; I feel that would have had rewarding results first, as I said, by saving energy, and then, by benefitting the worker. As usual, unfortunately, the federal government did not see fit to give effect to my motion. They tend to brush aside with a flick of the hand everything that comes from the opposition.

Then, there is inflation about which I should like to say a few words. The crux of the inflation problem lies in prices. Any inquiry into the causes of the inflation in prices should start out with an in-depth study of the mechanisms of prices as they relate to our monetary system. In addition, as price setting is an integral part of the monetary system, such a survey should of necessity include a detailed examination of the operations of that system. That being recognized, one can easily wonder why the mechanism whereby prices are set is so sadly lacking in our society. It has never been updated by our own bankers.

The rigidity of the transaction pattern has revealed itself as one of the major obstacle to mankind's progress and often only

a very serious crisis or an impending catastrophe succeeds in breaking up this deadlock. It is precisely a disaster of that sort which is facing the western world today. Prices in Canada have been going up steadily for the last 19 years. It was back in 1953 that we saw the consumer price index go down for the last time. Under the present pricing pattern, the public must assume all the production costs for a given period, while it should pay only for all the goods consumed during that same period. So, inflation is a legalized robbery which deprives elder people of their savings and an anticipated robbery of future generations since they will have to pay a price on capital which will have lost an equal value tomorrow. That is the situation which has to be changed as soon as possible.

● (2012)

[*English*]

Mr. F. A. Philbrook (Halton): Thank you, Mr. Speaker, for the opportunity of speaking on Bill C-11. I am pleased to speak on this bill because I did not have an opportunity to speak during the throne speech debate. That is one of the difficulties of this House. However, I share with all the constituency of Halton the joy we had in having the Queen here for our opening ceremonies.

Second, I wish to congratulate the Minister of Finance (Mr. Chrétien) on his new post.

Mr. Hees: Apple polishing.

Mr. Philbrook: Anyone who knows this minister will agree that he has brought valuable qualities to the federal government, qualities of reason, discipline, and dedication. From what I and my constituents saw during his recent visit to my riding in Oakville and the nearby suburb of Toronto, he comes across to the public as not only a very popular but a very promising minister. I do not mean he just makes promises but shows promise.

I wish to consider this an economic statement, not a statement on the budget because this is what the minister did. In addition, it gives an opportunity to speak a little more broadly, rather than just on the budget. I wish to talk about what is important in the financing of this country, on the economic arrangements.

Mr. Hees: You have finished the first apple, now start on the second.

Mr. Philbrook: I hear a little noise coming from the other side. It is a little difficult to see who it is behind the gangster glasses.

I wish to begin with a few general and long-term comments. They are important in terms of orientation. If they are repetitious, it is because they need repeating.

A lot of people, businessmen in particular, feel that with this economic statement the minister is moving in the right direction. He is doing as much as is presently possible, given the very difficult circumstances under which he is operating. There is very little room to manoeuvre.

The present position could be characterized as tax relief and incentives for both business and consumers. The important part is not what is being offered at present, but the fact that if the response is good and the economy begins to grow, as many are predicting, we should be following up with more of the same. This may seem a small step. However, it is the greatest step this minister could take for this country at the present time. Over a long period of time we have had one very clear inclination, that is, toward the social policies of this country during a period of very easy economic times. It now takes strong leadership to change that emphasis back to free enterprise, the private sector, making very difficult decisions and running a tight ship.

I think it was Tolstoy who said the longest journey starts with one small step. At least we are seeing that now. I think those in the official opposition will agree that this is the right emphasis; however, those in the other parties may not agree.

The emphasis for some time to come will be on working through the private sector, through free enterprise, not with the government running so many activities in this country. This was signalled in the white paper "The Way Ahead" of a few months ago. It started in the March, 1977, budget and is being confirmed by the removal of controls.

Many people, including myself, would like to have seen controls removed sooner. I am prepared to accept the argument that this may be a very difficult winter in many ways and we might have regretted taking off controls now. However, in terms of getting the economy rolling, it would have been preferable if they could have been removed this fall.

There is another problem that is as difficult as running the country. I refer to the old problem of communicating with the people. We do not seem to be able to share the facts and our mutual experiences with the people back home. We must work as hard at that as running this country. I say that, in spite of televising the proceedings in this House, although that is capable of being edited just like the newspapers. Even though we find we are able to conduct our business well, we still cannot seem to get this across. There are people who still wonder.

This morning I noticed an announcement by the Minister of National Health and Welfare (Miss Bégin) on a subject which is due to be raised again shortly, namely, a guaranteed annual income with accompanying tax credits, the so-called negative taxation and so on.

I suggest to the minister that we should at least make a start in three needy areas. There are the low-income workers, the one-parent families, and unemployed workers between 60 and 65. We know these are serious problems. We should be looking for some better way to support these people and give them reassurance. But if this is to be the main social plan in this country, many of us are worried about it being the main disincentive. We found we had trouble with all our programs, getting the wrong effect through disincentives and so on. I hope we can work this out before getting into a general social support program.

● (2022)

I mentioned the business of communicating with constituents. I find when I get back home and talk to constituents there that there are certain things they want to know in the financial and economic area. They can be divided into two groups, the negative things, the things they really do not want, and the positive things, the things they want and are not getting. First the negative things. Why do we have to have them? Near the top of the list is the very complicated tax system. Somehow or other we must do something about this sooner or later, or we shall bog down beneath the weight of our own figures and paperwork.

I wonder how many people are able to fill out their own tax forms these days, the way they used to. The way things are now, it may be a haven for tax accountants, but the average citizen gets very little satisfaction. It is a hard nut to crack, now we have got this monster with us, but I feel it is a top priority.

Next, there seem to be a number of nuisance moves coming along. People are wondering why we must have them since there are more important things on which to work. The minister is obviously trying to do something about this. He issued a statement recently about life insurance tax. He has frozen that and put it on the shelf for now. I am talking about the business of collecting from beneficiaries after the death of the policyholder. But we still have the problem of the effect of any new tax law on those who use insurance policies as collateral for loans. What can we do about this? That practice is very popular, but such a provision is something which people are not accepting well.

I should like to read part of a letter I received from someone I consider to be a very concerned if somewhat overwrought constituent. He wrote:

> Sorry, but perhaps there is a misunderstanding with regard to the October 25 budget. It appears that for the time being the "death tax" on life insurance is being withheld. However, there will still be tax changes affecting individuals borrowing on their policies. This is a most controversial issue since it changes the whole attitude toward the individual life insurance policy as compared with the practice which has emerged after years of study by the federal Department of Insurance as well as previous studies on life insurance. At no time did any investigation group ever recommend such a change in attitude with regard to borrowing against one's policy. Here, we have an issue which has been raised for some obscure reason and, as you can understand, Frank, there is only peanuts in tax revenue involved. But think of the extra administrative costs to insurance companies and policy holders as well as to the federal government. In other words, the "bucks" are not in it, so why go to this trouble to inconvenience and annoy the individual Canadian? Obviously, no civil servant will ever have to borrow on his own life insurance, so consequently they do not understand the problem. By the same token, it is in the interests of the financial institutions that this tax should go through. After all, if an individual wants to borrow a thousand dollars it is far better to charge him 13 per cent or 14 per cent or 15 per cent rather than, say, 6 per cent on the older policies. Again, Frank, there are no other words for it than "this concept of taxation is stupid". Here we are in a time when we are trying to simplify tax legislation and reduce costs of doing business, and this is an example of the way in which we have lost our ability to increase productivity and reduce costs—a beautiful example of additional costs being created by the very people who are preaching restraint. The federal government is snowballing more and more legislation. We need less legislation, less complicated forms, fewer delays.

A similar problem seems to have come up in terms of low interest loans from one's own employers, from one's own company. Again, I do not understand this. I have heard the arguments against it and they make sense. Everybody benefits in some ways from their own companies. Airline employees, for example, get free trips around the world, and so on. Why should a person not get a low interest loan from his own company if he can, without being taxed extra by the government? This is another nuisance thing, a way of irritating the public at a time when we ought to be concentrating on other areas.

Excessive paperwork is a complaint which seems to be levelled against Statistics Canada and our tax system. Then, of course, there are the big general complaints about the excess of size and the inefficiency of the government and the civil service, government spending and budgets. People want absolute cuts, not just a scaling down of the increase in growth of the bureaucracy but an absolute reduction, perhaps one per cent per year in the size of the civil service and in the size of government budgets for a period of five years until we can get them back to something sensible, for example, all governments taking 35 per cent of the gross national product instead of 45 per cent.

There is the issue of abuses and disincentives. There is a great deal of concern among the Canadian people about this problem, particularly in areas like unemployment insurance. However, that seems to have improved a bit. In short, what people seem to want is small, clean, efficient government—streamlined government. And who is to make those decisions? Nobody except the cabinet, the ministers themselves. We have pretty well proven it is not possible for any of the rest of us to make those changes.

Mr. Benjamin: That's your side!

Mr. Philbrook: Well, have you made any? I have not noticed the government implementing any of your suggestions.

Those are the sort of clean-up things that people seem to want.

There are also some positive things they want. They say, "Why don't we do these things, because we obviously need to get cracking in some areas and there are some suggestions?" Of course, tax cuts for all sectors—the minister has made a start on this—especially in the area of sales taxes. But that is both a federal and provincial concern and we need more co-operation between those two levels of government. If we do this, the suggestion is that it will stimulate domestic buying and also stimulate our ability to sell export goods because prices will be lower. Why cannot this be brought in, at least with application to Canadian-made goods? Discrimination, yes, but it is discriminatory on Canada's behalf in an extremely competitive world.

Why can we not have tax exemptions to buy Canadian stocks, bonds, and so on, to invest in Canadian capital formation? They say savings are high at the moment, that too much money is locked up, but people are asking, "Why is that money not being put into Canadian capital investment by the big institutions, the insurance companies, the banks and so on?" Why cannot we do something about that?

Why cannot we have more federal-provincial co-operation in planning, programs, budgets, restraint, and even foreign borrowing? This is what the people want to know. In another area another plea we hear is that more breaks and more money should be given to small business as opposed to big business. We have talked about it ourselves and we hear about it in certain ridings such as my own, in Halton, where there is a lot of small business.

This morning there was an article in the Toronto paper by Andrew Kniewasser, the President of the Investment Dealers' Association of Canada. He had this to say:

● (2032)

Too little has been committed to new equity financing, permanent ownership capital to build new businesses or expand existing ones, and too little of this flow of capital has been directed to financing small and medium firms or regional firms.

I think a lot of us will certainly agree with that.

As for better industrial relations, we have talked a lot about this matter, but do not seem to be able to get very far, certainly not without the co-operation of big business and labour. However, it is the key, and people are hungering for better industrial relations very much. They are fed up with the squabbling that goes on in the market place between these two giants.

An hon. Member: Are you hungering to get to cabinet?

Mr. Philbrook: There are more important things than getting to cabinet, my friend. If there is anyone who should appreciate that, it is you folks on the other side, because your chances are not very good.

Mr. Benjamin: Just have patience.

Mr. Philbrook: With a caucus like yours it will need patience.

There is another area which is quite sensitive but we will have to address ourselves to it because the people are doing so. I refer to crippling strikes in what are called essential services. Some people say we cannot define what are essential services. I do not believe that. I think the people can define that for us. I think they would probably say they include all areas of transportation and communication, the public service, and all security services such as the police and firemen.

An hon. Member: What about health services?

Mr. Philbrook: Health is included in security. We must find a better way to solve our differences than having strikes, because I think the people are fed up with losing essential services.

Our businessmen also worry about what is going on in GATT and they want more information about it. They do not want to be shut out of this crucial area, because some of our businesses may have to close down. There is also still a little concern about foreign ownership, although the situation is quiet at the moment.

[Mr. Philbrook.]

Along with all this there is another painful area which we shall have to examine. I refer to long range planning. We have heard the arguments on this matter. We have heard it said that we do not need long range strategies because we have a multitude of policies, and I guess we do. The only trouble is that it is like looking at thousands of small things at the same time; the people cannot see any direction. They cannot see any direction from the leadership, from the government of this country, and they wonder where on earth we are going. So as difficult as it is, Mr. Speaker, it is essential that we get down to examining this, and I cannot think of any better government to do this than the present Liberal government.

If we are going to cope with shortages and competition and let this country reach its potential, we will need some more effective, more impressive, long range policies than the public has seen until now. And this despite short range politics. Indeed, I think we can assume a fair degree of stable government. I am not sure why we worry about forming these long range policies and carrying them out because I do not see much chance of a change of government.

I also think it is very important that we work with the provincial governments and the private sector. This is easier said than done, but again worth underlining. What are the main areas here? Certainly public transportation is one. My constituents as well as this House know where I stand on that matter, particularly in terms of commuter transit and the disappointment we have had in not financing that more than we have. We have discussed it quite a lot, and we will be talking about it again some time.

Another area which should be examined is science technology and research; I think my colleague, the hon. member for Wellington (Mr. Maine) would support that. This field has been badly short-changed in recent years. It is the basis of all our industry, all our manufacturing, and along with the private sector we must do a better job in this regard. Energy is another area requiring attention.

If I may be permitted a brief aside, one of the questions we will have to solve, a matter some of us are working on now, is this question of world population. We really have a time bomb ticking away, whether we realize it or not from our comfortable position here in Canada.

However, the big question is industrial strategy. Here I would like to give credit to my own colleagues who have worked hard on this question for several months, and perhaps do not yet have the final answers though they do have a great deal more insight. I refer in particular to my colleague from Scarborough East who has recently published a paper of which I think the government is well aware.

Before I wrap up my remarks, Mr. Speaker, I should like to place on the record a short statement published by the Science Council of Canada. It is a statement of concern which is based on a larger background paper called "Uncertain Prospects: Canadian Manufacturing Industry, 1971-1977". If the House will bear with me, I should like to put this excerpt on the record, because I really think it says it all.

Canadian manufacturing industry is at risk and its future is uncertain. This uncertainty obviously extends into a distinct and pressing concern about our ability to employ the wide range of talents and skills that make the Canadian labour force such an exceptional national resource. Last year, Canada's deficit on manufactured goods was more than $10 billion. Nearly every branch of Canadian manufacturing displays weakness. Textiles, clothing, leather goods, consumer electronics—all are succumbing to fierce foreign competition. Many of our high technology industries have, since 1971, developed increasingly large deficits in balances of payment. The problems are long term and reflect fundamental structural deficiences.

Contrary to popular opinion, the 1960's were a period of relative decline in Canadian manufacturing. Canada did not progress by comparison with other industrial and semi-industrial countries. The seeds of our current distress were being sown in the so-called "golden era". In the past two decades, the various policies bearing on industrial growth in Canada, while partially successful as short-term palliatives, have not helped to create a strong technological base. A superficial, stunted form of industrialization was produced by policies that created growth through import substitution.

Too many Canadian exports are actually a reflection of intracorporate transfers. Without the Auto-Pact, for instance, Canada would have practically no exports of manufactured goods. Between 1965 and 1970, the proportion of finished manufactures in total exports—a sector that provides productive employment and creates an indigenous base of engineering and scientific expertise—grew by 3.22 per cent (autos excluded). Denmark increased its proportion by 11.3 per cent, France by 5.5 per cent, Mexico by 16.8 per cent, and Sweden by 10.8 per cent. In relative terms, Canada fell seriously behind.

The responses of many businessmen to the current economic situation are indicative of current problems. Too much government control through regulation and interference in private entreprise; profit controls put forward by the Anti-Inflation Board; high taxes; uncertainty about nationalist sentiment and its possible policy implications; loss of competitively advantageous wage-rates relative to our major market area; stress on the part of government on the provision of social benefits as opposed to emphasis upon productivity—these are the elements that businessmen complain of as part of the poor business climate in Canada.

Mr. Baker (Grenville-Carleton): Ha, ha!

Mr. Philbrook: I wonder why such a responsible member on the opposite side considers that funny, because I doubt that Canadians do.

Mr. Baker (Grenville-Carleton): On a point of order, Mr. Speaker—

The Acting Speaker (Mr. Turner): Order. The hon. member for Grenville-Carleton (Mr. Baker) is rising on a point of order.

Mr. Baker (Grenville-Carleton): Did the hon. member have a question for me? He said something to me.

The Acting Speaker (Mr. Turner): Order. The hon. member for Halton. (Mr. Philbrook).

Mr. Philbrook: I find it a most unusual piece of behaviour, Mr. Speaker, but we will let it go because we are used to it.

To continue my quotation:

● (2042)

These problems are not only grave in themselves, they also reflect an even deeper malaise that has to be exposed and diagnosed. The Science Council background paper, "Uncertain Prospects Canadian Manufacturing Industry, 1971-1977" describes the difficulties of Canada's manufacturing sector. It shows that the central problem has to do with a failure to create and agree on coherent national policies aimed at restoring and enhancing our industrial base. Such policies are needed urgently and should address specialization, ownership, government procurement, major programs, domestic market aggregation, international science and technology, agreements, and other areas where there is significant potential for promoting existing strengths and opportunities. Brilliant examples of Canadian industrial and innovative successes already exist. They must be built upon and multiplied.

It goes without saying that is the responsibility of government and of government economic and financing policies, and therefore of the Minister of Finance to set the proper climate to make sure those things are realized. It is forecast that 1978 will be a better year, a year of much improved economic growth, and perhaps the start of a more clearcut long term growth.

Mr. Orlikow: Who said that? It was not the Economic Council of Canada. They said it was going to be worse.

Mr. Philbrook: I think if the hon. member does some reading he will discover that most groups say that.

In summary, what the Canadian people want to know and need to know is where we are going and how we can get Canada moving. The position taken by the new Minister of Finance is a very encouraging sign that we will get that kind of leadership in Canada.

Some hon. Members: Hear, hear!

Mr. Benjamin: Mr. Speaker, I rise on a point or order. Before the hon. member has used up all his time, I wonder if he would permit a question.

The Acting Speaker (Mr. Turner): Will the hon. member for Halton (Mr. Philbrook) accept a question from the hon. member for Regina-Lake Centre (Mr. Benjamin)?

Mr. Philbrook: Yes, Mr. Speaker.

Mr. Benjamin: Mr. Speaker, the hon. gentleman cited four of five countries where exporting of manufactured goods has assumed marked improvement over that of Canada's. On the one hand he has indicated that there has been too much regulation and government interference. On the other hand, these countries which were referred to as having a better record than Canada all have socialist or national economic planning and have now, or have had, socialist governments which interfere in the private sector. How does he reconcile the differences between the two?

Mr. Philbrook: Mr. Speaker, the countries I mentioned were Denmark, France, Sweden and Mexico. I really have to wonder what Denmark and France would think about the hon. member's remarks concerning their socialist societies with a great deal of government interference. I think they would differ entirely on that. It simply proves that under various forms of government there can be good government. It depends on what the people of those countries want, but in the short term they can do a good job.

Mr. Benjamin: They have more interference than we do.

Mr. Philbrook: I do not see any contradiction there at all.

Income Tax

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, tonight I would like to discuss the need for this country to process more of our raw materials to their finished state, and the use of tax incentives to bring this about.

For far too long we have been shipping out of this country a far too large proportion of our primary products to be processed to their final stages of production in other countries, which thereby gain the many advantages of employment, taxes and profits which accrue from this further processing.

We have in Canada the skilled manpower, managerial skill, cheap power, and excellent transportation facilities which are needed for this further processing, and it is about time we started doing something about getting more of this work for Canada. Now, what should and can be done?

Thirty years ago the government of Ontario introduced a plan which has been largely responsible for the spectacular expansion of the pulp and paper industry in that province during the intervening years. It required companies to process in the province a far higher proportion of the logs which they cut, a large proportion of which they had been shipping in the raw state to paper mills in the United States.

What has worked so well in the case of the pulp and paper industry in Ontario can work equally well in other primary industries right across the country. It should apply to all raw materials which we ship to other countries for further processing, and can succeed equally well because of the great dependence of other countries on our primary products to feed their manufacturing processes.

It is obvious that a certain proportion of the raw materials we produce must be exported in the raw state, but not nearly the proportion that is the case today. The Department of Industry, Trade and Commerce should now undertake an intensive study of our primary industries to determine what proportion of the primary products we produce can reasonably be required to be processed to their finished state in this country.

Having decided what proportions of our various primary products should be further processed in Canada, we must produce an incentive which will be sufficiently attractive to persuade those who normally export our raw materials that it will be profitable for them to build the plants which will be necessary to carry out this additional processing in Canada.

It has become painfully obvious that the grants now provided by the Department of Regional Economic Expansion, although useful, have not proved sufficiently attractive to bring to our areas of slow growth sufficient new industry to reverse the dangerously high rates of unemployment that have persisted in those areas for many years.

I believe that in addition to the DREE grants, which are now available to areas of slow growth, we must also make available an additional incentive in the form of a graduated scale of federal taxation which will permit a new plant processing primary products in an area of slow growth to pay no federal taxes in the first full year of profitable operation, and gradually increase its tax payments until it is paying full taxation in the fifteenth year. My conversations with leading businessmen across the country have convinced me that this incentive, added to the present DREE grants for slow growth areas, will prove sufficiently attractive to accomplish what has to be done.

The incentive which I have outlined will pay for itself many times over in the years ahead in the following ways: it will reduce the present far too high expenditure on unemployment insurance by stimulating the economy and enabling more people to find work. And we can increase tax revenues because (a), more people will be working and paying income taxes; (b) more commodities will be sold and will be raising additional commodity taxes; and (c), the increased volume of business will lower unit costs of production and make available more profits to tax.

In conclusion, the time is long overdue for us to stop shipping such a large proportion of our raw materials out of the country to provide jobs for other people. We must process a far higher proportion of them here in Canada for the benefit of Canadian production and employment.

Some hon. Members: Hear, hear!

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I hope the hon. member for Grenville-Carleton (Mr. Baker) will have a chance to speak, because we will be very anxious to hear his remarks.

I want to add my congratulations to the Minister of Finance (Mr. Chrétien) for his excellent presentation the other night and for the great skill, frankness, and ability which he has brought to his post in these difficult times.

An hon. Member: Why are you smiling?

Mr. Abbott: I am smiling because I am speaking the truth, and because a lot of other Canadians are smiling with the knowledge that the Minister of Finance has the courage and the ability to make decisions.

We are facing difficult times now, and we are facing great problems. These problems are not simply those of Canada, but are shared by other countries, notably our great neighbour to the south.

I was interested to see the other day that the Bethlehem Steel Corporation was showing a loss of $450 million for the first nine months, the largest loss in the history of the United States by any single corporation. It even exceeds the loss the Pennyslvania Railroad faced when it went into bankruptcy. Therefore it is evident that great problems are facing the major corporations here and in the United States. These have been highlighted by the recent lay-offs which have taken place in our mining industry and in other industries in Canada. About these we are deeply concerned.

● (2052)

I have been struck—and that is why I wanted to cite the mining problem—as I think many hon. members have been, by the enormous publicity and the extraordinary concern shown,

understandably, by everybody involved with the lay-offs at the International Nickel Company. Why I raise this is that I think there seems to be a singular contrast in the kind of reaction to the problems of the smaller business community and to the fact that all across the country there are many small businesses which are finding it perhaps even more difficult, particularly in the face of situations such as that suffered by INCO. I think it emphasizes that while the major industries in this country are having difficult times, we have paid frequently, and throughout our economic history in this country, too high a tribute to the great industries and perhaps too little attention to the hundreds of thousands of small business which exist here.

Mr. Darling: Right on!

Mr. Abbott: We speak of our small businesses, and we seem to brush them off as not worthy of nearly as much attention as the great industries; whereas, as some of my colleagues and others have said, the future of the Canadian economic community largely depends on whether the small business community is able to grow and thrive. We have in Canada today something over a million enterprises ranging, I suppose, from momma and poppa milk stores right up to highly technologically oriented businesses with millions of dollars invested, which turn over millions of dollars a year. Of these some one million enterprises there are some 350,000 incorporated small businesses, accounting for over 65 per cent of the work force of this country.

Since my recent elevation to the post of Minister of State (Small Business) I have been studying the question of what it is that small businesses want and what governments can do to respond to those wants. Naturally, any of us who have been associated with small businesses, operated small businesses or known people who have, recognize that what they really want is to run profitably and to earn a comfortable living for their proprietors so that they do not have to work night and day seven days a week, and possibly so that they can transfer such businesses ultimately to members of the family who might have worked with the proprietors.

Mr. Darling: They need less government red tape.

Mr. Abbott: I would like to come to that. The essential character of small business, I think, is the fact that it normally is under the control and operation of a single human being. That man or woman may be the proprietor of a very small business or of a larger one, but that person faces the same basic problem. Every morning he or she has to get up, go to work, and try to keep the business going. Frequently some of those people in the community may be regarded, deservedly, as people of real substance and success, but on a day-to-day basis they are facing the possibility that their businesses will be submerged by problems and that they will not be able to meet the challenges of every day.

My hon. friend opposite said that we should eliminate some of the red tape. I sincerely share that view. I think that governments have inflicted in increasing volumes a heavy degree of paper work. Much of it has been the result of the voracious appetite for information which such organizations as Statistics Canada feel they must gain from the business community. Through the introduction recently of the CALURA amendments which I hope we can pass quickly, we can eliminate some 70,000 small firms from responding to questionnaires from Statistics Canada.

I am advised that some 25 per cent of the paper work burden emanates from Statistics Canada, whereas almost 75 per cent emanates from the normal paper work burdens imposed by governments through various agencies and departments such as the UIC and the Customs Tariff. There is a vast and complicated apparatus that makes up modern government. Too often there is an unchecked zeal on the part of governments at all levels and in all departments to arm themselves with the most complex possible forms and to impose them on the business community willy-nilly, whether they need them or not, and whether or not they have done analyses to see if there is an element of over-kill. If I can do anything, I want to attack this problem, though I have found that it is easier to make speeches than actually come to grips with this problem.

Mr. Darling: Good for you.

Mr. Abbott: However, I hope that we can find it possible to set up some sort of check by which new legislation and new departments will not create programs without first measuring the efficacy of what they are trying to do against the paper work they are proposing to impose on the community.

Some hon. Members: Hear, hear!

Mr. Abbott: I would like to see a greater willingness on the part of governments to look at the existing paper work burden and to demand of each of my colleagues that they ask their responsible officers to examine carefully the kind of burden that they feel is essential or necessary, and take away the necessity of the kind of material they know has become complex, irrelevant, and probably unnecessary for the carrying out of their responsibilities.

When one talks to businessmen one finds that a major problem which is always with them is the problem of money. There is no question that this is an equally difficult problem. It is perhaps even more difficult to meet than trying to lift the paper work burden. However, it is clear that Canadians are great savers. There are large pools of existing capital in this country. There are men and women who, presented with possibilities of attractive and potentially rewarding ventures, do want to get into the action, as the saying goes, and I think one of our problems is that we have not set up a satisfactory apparatus, a satisfactory governmental clearing house, incentives, a tax system or what have you, to encourage people to venture their capital in the kind of smaller businesses that create high levels of employment.

There are those who are already in business who are finding it increasingly difficult to stay in business. Statistics show that bankruptcies are some 35 per cent over what they were in the

first six months of last year. This is true particularly in the building industry.

I think we have to recognize that the working capital requirements and the cash flow problems of businesses are very critical, and I hope that in the weeks to come I will be able to talk to my colleague, the Minister of Finance, and encourage him to look at even more good works, beyond those he has been able to create for us through Bill C-11.

I would like to spend a few moments talking about the actual contributions the Minister of Finance and his predecessor have been able to make to the small business community because I think that there are a number of aspects of the bill which go a long way to helping that sector.

● (2102)

The 5 per cent investment tax credit which was to have expired this year will be subject to a three-year exemption. Also, there is the concept of recognizing regional disparities by providing in some areas 7½ per cent instead of 5 per cent, and 10 per cent in the Atlantic provinces and the Gaspé regions of Quebec.

In attempting to reduce the effects of inflation, all businesses, but particularly small businesses, face a cash flow problem, in part because of inflation. The tax system, to a certain extent, helps meet the problem in the area of capital equipment by special concessions such as fast write-offs and the investment tax credit. The proposal to allow a special deduction of 3 per cent of the cost of inventories will ease the cash flow problem by some $300 million annually.

The bill expands the $1,000 dividend and interest exemption to include capital gains. By introducing special rules for replacement of businesses and farm properties, and increasing the offset for capital losses, as well as guaranteeing a capital gains treatment on disposal of Canadian securities, businesses will be substantially assisted. I welcome them as being particularly helpful to the small business sector.

Of all the items in the bill of special value to small business are those measures to stimulate investment. These include the increase in the dividend tax credit from 33⅓ per cent to 50 per cent beginning next year, the special inventory allowance of 3 per cent, and the extension of the investment tax credit.

The bill will also contribute to the small business sector by facilitating the expansion by Canadian-controlled private companies through joint ventures, business acquisitions, and plant replacement. Special provisions are contained for employee stock options and share purchase loans. These are designed to permit smaller companies to compete better in attracting managerial expertise. The Minister of Finance has further provided encouragement of funds for small business by the guarantee of capital gains treatment for investors and the special accommodation of provincial venture investment corporations.

These are steps taken by the minister and I know that they enjoy support from those opposite who have taken the trouble to acquaint themselves with these measures and their benefits.

[Mr. Abbott.]

I suppose I get even greater support for these measures from my friends opposite when I say this, and I know my colleague, the minister, would agree, that we must do more. I think as we go into this difficult year I want to try to convince my colleagues and other people in the community of the great importance of the creation of small business enterprises, particularly those of a high technology nature. I think it is clearly evidenced by the experience of the past that it is in these areas that enormous increases in employment can take place.

A study done in the United States some time ago contrasted the mature corporations, resource-oriented corporations, and high technology innovative corporations. For very heavy investment in the mature or resource based industries there was a very modest increase in hiring and employment. It showed what a dramatic effect can take place in a successful, innovative high technology type of company. Thousands were employed for a fraction of the investment in the other. I think the case can readily be made that the former minister of finance, given the circumstances he found himself in last spring and the circumstances his successor found himself in this fall, did the maximum possible to achieve the results we have.

I submit, Mr. Speaker, that we must look with new eyes, new sympathy, new enthusiasm on the small business sector. We must recognize that it is in this area that perhaps the greatest opportunities for the future and of Canada and its citizens lie.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am honoured—I think I am honoured—to follow the Minister of State (Small Business) (Mr. Abbott) in his first speech in that portfolio. I want to congratulate him on ascending to the portfolio, but that really depends on which direction he was pointed at the outset, whether he is ascending or descending. The proof of the pudding will be his performance in the portfolio. That will best be judged by the small businessmen of Canada whom he is now equipped to serve, at least in terms of jurisdiction. I hope for his sake, but more for their sake, that they do not have a repeat by the minister of the unfortunate handling of the consumer and corporate affairs portfolio under his jurisdiction. I am thinking particularly of the competition policy which was so complicated, so out of touch that it had to be withdrawn and the department had to go back to the drawing board in order to deal with it again.

Mr. Abbott: Mr. Speaker, on a point of order, I feel certain the hon. member would not want to mislead the House even unintentionally. I wonder if, in his very profound study of the competition bill—although I do not recall his being in the committee but he speaks of its great complexity—he was aware that the bill was introduced last year with the clearly announced purpose of withdrawing it after the session for the particular reason of enjoying the comments of the committee. I hope it will re-introduced, but I just wanted to take issue with that.

Mr. Lambert (Edmonton West): It was a dead duck from the time it started.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I think the hon. member for Edmonton West (Mr. Lambert) put his finger on the issue. It may well have been initiated for that purpose. I do not want to make a great issue of it because we will deal with it as time goes on, and history will also deal with it. It was introduced very hurriedly shortly after the minister took the portfolio. It was condemned out of hand by most of the business community.

I make these remarks, Mr. Speaker, because there is no one in this House who does not wish the minister success in his new portfolio, not as a minister but in terms of the segment of the economy which he is going to serve. I think it is important at the outset that he does not mislead the House, even though I think he did it in good fun. He had to be doing it in good fun, otherwise it would be deliberately misleading the House to say that Canadians are smiling because the Minister of Finance (Mr. Chrétien) is doing such a fine job. It may well be, as Canadians look upon this minister and the situation he inherited from another minister who is equally troubled in violent travail, that the facial expression he calls a smile is the result of a digestive upset when they contemplate the extent of the damage done to the economy.

It is not proper or right for the minister to say that other countries are in the same position. In his speech he relied heavily on the fact that the situation was equally confusing, difficult, and foreboding for the future of the United States as Canada, as if that were some solace to Canadians. More important, it is not in accordance with the facts, and the minister should know that.

In the United States there is less unemployment, less inflation, and twice the real growth rate of Canada. There is a trade surplus on current account in the United States compared to a trade deficit on current account in Canada. Not only do the words give no comfort to Canadians, they are not factual.

A minister embarking on his first speech should not delude himself. He should ask what small business wants. I can tell him some of the things I would like to see.

● (2112)

I talk to a lot of small businessmen in my constituency. They would like certain stability with respect to government policy, whether it is this minister's policy, that of the Minister of Finance, or of any other ministerial portfolio in the Government of Canada. They want to know there is a government in Ottawa which is concerned with small business. They want to know what is going to happen from one day to the next. The right hand should know what the left is doing. It has become painfully evident to me in the five years I have been here that this government does not know what it is doing.

The government's attack on problems is uncoordinated. Perhaps that is the reason why we find ourselves in this situation. Businessmen want a commitment from government. They want a simple, ordinary, everyday service that is also provided to those who are not in business, namely, the operation of the mails.

I know solicitors, accountants, and many others who depend upon the mail for business. Today they cannot rely on Her Majesty's mail for the purpose of affecting a contract in the legal sense. As a result, this important service to business is being by-passed. They would like something of that nature.

They would like some co-ordination between provincial and federal business development programs. There is not very much at the moment. It is developing, but we have a long way to go in that regard.

These people want to be assured that when parliament debates small loans legislation or the new Federal Business Development Bank, as we did some time ago, that those agencies of government answer the needs of small business. They do not today. Government policy with regard to business is not related to the small business sector. It may come to be that way, but it is not that way now.

The minister issues press statements and uses brave words with regard to what he hopes for small business. However, there has to be some meat put on that skeleton. The minister must deal with his colleagues, which he has indicated will take some time. They do not quite understand him. I can understand why. It is not because the minister will not speak about it but because of the nature of the ministry. The problems of small business in this country must be addressed.

We do nothing but give lip service to the importance of small business as a place of employment. We owe more to the small businessman and the thousands of people looking for jobs in that sector which provides 50 per cent of the employment capacity in Canada. We must do more for them than merely utter small words.

I am honoured to follow in this debate the hon. member for Prince Edward-Hastings (Mr. Hees) who, during his tenure of office as minister of trade and commerce, became the most energetic and productive member of any ministry in that period in that important portfolio.

What is left of our markets abroad? They have been affected in many ways by the policies of the government. What is left are the vestiges of those areas which were the beneficiaries of that hon. member's knowledge and ability.

I listened in absolute dismay to the speech by the hon. member for Halton (Mr. Philbrook). I heard him say that small business needs more breaks, and that there is too little commitment to investment in Canada. A Liberal member of parliament said that tonight in this House. He sits on the back bench of the Liberal party. He said we need better industrial relations, that there is too much squabbling. Of course he is right.

What initiative did the government bring forward in the last session with regard to labour relations and an improvement in relations between employers and employees? There were none. The hon. member for Halton is absolutely right.

We have to find a better way than strikes. If there were a better way to deal with economic problems and problems between employers and employees, there is not a working man or woman in Canada who would not move in that direction, whether it be through labour courts, binding arbitration, or a host of other remedies that are available.

For the ten years that the government has been in power in Canada, more people have suffered from strikes. More have been engaged in strikes. This government sat on its butt and did absolutely nothing to meet with business and labour to find a way to bring the two sides together on some common ground. In that sense Ministers failed. They failed because they are tired, irritable, and more concerned about their own position than about those elements of society which cry out for some form of leadership. I am talking about the men and women who carry the lunch pails, the members of the work force in Canada. There is not a working person anywhere who wants to strike.

Government members have made great speeches about what they are going to do, about the great conferences they will hold and the seminars they will fund. However, we have a strike record in Canada that is second only to Italy. Of course, we need a better way.

The Liberal member for Halton pointed out that businessmen are worried about GATT. Of course they are worried about it. What is the position of this government? Is it to go out in the world as a Boy Scout and fight for absolute free trade? What is it going to do for the shoe manufacturer or the textile worker? What is its position with respect to GATT?

The Minister of Industry, Trade and Commerce (Mr. Horner) says one thing, the Minister of Finance says another, and the Prime Minister (Mr. Trudeau), like a philosopher king, presides over that kind of disorder. Businessmen in Canada are asking the government where they stand. They want to know what position the government is taking in the world. They ask how the government is meeting opposition from other countries whose businesses and industries are subsidized or supported by government in a way that affects their basic ability to compete. These are some questions to which the ministry should address itself.

The hon. member for Halton talked about the necessity of long-range planning. I did not know that Liberal member is a closet socialist, but I guess he is. We in Canada would be satisfied with some short-range planning. At present we have no planning at all. Even some short-range policy-making would be of assistance.

Whether it is with regard to energy, industry or what have you, we talk about strategies. We do not talk about plans to develop. We move from band-aid to band-aid, while the country jolts from difficulty to difficulty. The government of the day, which asked for and received a mandate from the people in 1974, produced this so-called mini-budget, and now Bill C-11. It is inadequate to meet the difficulties that face the country.

The hon. member went on to talk about science and technology. We in Canada have really stripped ourselves bare. The science and research community in Canada do not really ask for very much. They have asked the government to give them something so that we can develop our own technology rather than continue to be borrowers of technology as we have done over the past few years. They ask that the grants be stable so that they can count on them, because they must priorize their projects. There has been no stability in this very fundamental area.

• (2122)

No one knows me as a pessimist but let us get to what the Minister of State (Small Business) said about his Minister of Finance and his predecessor. By the end of 1977 Canadians will have experienced four years of inflation higher than 7 per cent, three years of unemployment at or higher than 7 per cent, four years of economic ruin below our 5 per cent growth potential, three years of trade deficits higher than $4 billion, and five years in which the federal budgetary deficit has increased. That is what we shall have experienced by the end of this year.

The hon. member for Halton said we wanted small, clean, streamlined government. I think Canadians would be prepared to settle for a government perhaps not quite so clean and perhaps not so streamlined, but reasonably responsive to the conditions we face today.

What does the minister offer us? After all the euphemisms used by speakers on the other side, all he can offer Canadians in 1978 is an inflation rate of 6 per cent, real economic growth of 5 per cent, and even larger federal debts. The Minister of Finance refuses to give us any forecasts, but that, in essence, is what we are offered.

We have a lot of things to concern ourselves about in this country in economic terms, but I am convinced, now, and I do not like to say it, that this government has proven itself so inept that we can expect nothing from it. It has lost its fighting spirit. The ministers have ceased to be responsive in a political sense to the needs of the country. They behave more like a board of directors, insensitive to the shareholders. That is the situation in which we find ourselves and, over-all, that is the economic situation in which we find ourselves.

I am concerned that we have young men and women in Canada crying out for work, men and women who have qualified themselves because we as a nation have said to them, "Go and get an education because the world will then be your oyster." We find them today up against the reality of a situation where their skills and learning cannot be used; they not only waste their lives but they cannot and do not make a contribution to their country.

I refuse to believe that this country, properly led, with the tremendous resources in human and material terms at its disposal, with an educational system that we tout as being the second-best in the world, sitting beside a large market, and with a tradition of exporting our goods, must look forward to the stagnation and gloom which the minister has predicted. If

the government continues to adopt the attitude that only it can do things, that its job is to do things for people, rather than create an atmosphere in which people can do things for themselves, then should it continue in office the Minister of Finance is absolutely right. That is precisely what we face—a bleak future.

Mr. Lumley: He never said that!

Mr. Baker (Grenville-Carleton): The hon. member says he never said that. I think the parliamentary secretary had better re-read the minister's statement. He had better read between the lines of the statement the minister made in the House.

Some hon. Members: Oh!

An hon. Member: Between the lines, eh?

Mr. Baker (Grenville-Carleton): I hear interruptions from the Parliamentary Secretary to the Minister of Finance (Mr. Lumley), the hon. member for Niagara Falls (Mr. Young), and one of the Toronto members who is probably getting ready to speak. When they are given an opportunity they can make what comments they wish in the course of their remarks. If they go to their constituencies and ask what their constituents really think of this government in terms of economic leadership, or if they go to the small business community and ask what businessmen think of this government as the great helper of small business, I think they will find that the euphemisms about Canadians smiling because they have the Minister of Finance at the controls are not true at all.

I have always found that when I am getting pretty close to the truth members on the other side begin to wake up and shift in their seats as they are doing now. I can understand them. If I were over on the other side tonight, if I had to answer for the economic policies of the government, I would feel the same sense of discomfort as members obviously do on the other side.

The government is not completely unresponsive, though, I must say that. I recall reading the defence the minister put out of the new government policy to change the rules in midstream with respect to the taxation of benefits from insurance policies, a proposal which created such a hue and cry among the 12 million life insurance policy holders in Canada. Those life insurance policies represent, in many respects, aside from the home, perhaps, the most important form of saving for the future in which a family engages.

When the ministry dealt with this matter it decided to withdraw the death tax. I could not believe it. I could not believe they were at last retreating from the position which successive governments had taken, namely, that of imposing a death tax, increasing death duties whether upon insurance policies or by way of estate duties or otherwise. But the government tried it. There was a hue and cry. The issue was raised in the House, and I am sure it was raised in the Liberal caucus. The government decided it would be wise to back off.

The Leader of the Opposition (Mr. Clark) wrote to the Minister of Finance on September 21, 1977, putting forward the position of the official opposition with respect to the matter. As a result, the government decided to withdraw, pending further study, the proposals which would have made taxable a portion of the investment income from certain life insurance policies realized on death. The remaining proposals, announced in the minister's statement, relate to the taxation of policy holders other than on the death of the insured, and these are now included in the measure which we are being asked to pass. What they have done with respect to the 12 million life insurance policy holders in Canada is this: they have changed in midstream the rules with respect to their rights and benefits in respect to these policies. The government has brought in a new form of taxation.

● (2132)

The hon. member for Parry Sound-Muskoka (Mr. Darling), who is experienced in the field of insurance, indicated last night what it means to the average person who may decide to use proceeds from an insurance policy to finance a business or suchlike. For years and years members of the Canadian public who were holders of insurance policies have had certain rights. The government has now decided, without notice, to take those rights and benefits away from them. If a policy holder takes a loan on his policy and then has to pay a capital gains tax on that loan, if he then pays the loan back he does not regain the capital gains tax paid. In addition, he cannot use the interest charged by the company as a deduction against his income tax when that loan is used for financial purposes. For some reason or other, a man who takes a loan from an insurance company rather than a bank loses that deduction. This means that policy holders will have to go to the bank to borrow money, using the policy as collateral. It means, in effect, that policy holders will pay higher rates of interest at the bank, losing their advantageous interest rate from the insurance company.

The hon. member for Parry Sound-Muskoka put it very well last night. He said that policy holders with long standing policies could borrow money against their policies at a rate not exceeding 7 per cent, whereas if they went to the bank today they would have to pay 12 per cent. The government should think about this. Liberal members do not speak up in the House, but they should certainly raise this matter in caucus.

An hon. Member: We do speak up in our caucus.

Mr. Baker (Grenville-Carleton): I am glad to hear that. If the hon. member will continue to do it, perhaps the government will change its position. We have been asking the government, year after year, to consider the urgent need to ease the great burden on Canadian taxpayers so far as residential taxes are concerned. They are not allowed to deduct at least part of these taxes, and this creates a kind of double taxation. Not only are taxpayers taxed heavily, as I have said, but they are the victims of double taxation.

It is my view, which I believe is shared by many people in this country, that those who dwell in owner-occupied homes, and tenants of rooming houses and apartment houses, deserve favourable consideration in this regard on the part of the Minister of Finance. I thought that when the minister brought

forward his mini-budget he would have thought of these people, but he did not. The federal government has a stake in the provision of adequate housing for its citizens, the creation of incentives to increase employment, and the lending of money to municipalities which must provide many services to their residents. Since federal government involvement in our cities is limited by the constitution, provincial governments are mostly responsible for land use planning, regional economic planning, and education.

In Canada, use of federal taxation power lays into the hands of the federal government an opportunity to help the property owner. As I have said, the person who pays property taxes in effect pays a double tax. The hard earned money with which Canadians pay their property taxes has already been taxed to death by the provincial and federal governments, not to mention the municipal governments. Many tax experts have described municipal residential taxes as inequitable and regressive, and I rather think they are right. They bear heavily on those who can least afford them.

At the present time property taxes paid by businessmen are deductible. Property taxes paid by apartment owners are deductible. Property taxes on single family homes rented to tenants are also deductible by the owners. Furthermore, an apartment building owner can take advantage of the corporate tax law and deduct his operating expenses, whereas dwellers in owner-occupied homes, tenants in boarding houses and apartment buildings, do not get any such relief in computing their federal income tax.

Not only are cities plagued with rising costs to meet the demands for more services, increased welfare payments and public works to provide jobs, but the ordinary citizen has been hard pressed with rising taxes at the federal, provincial, and especially the municipal level.

I have been quoting *Hansard* for February 26, 1971, Mr. Speaker, a proposition advanced by the hon. member for Parkdale (Mr. Haidasz). This is a proposition which has been supported in this House by Progressive Conservative members. Again in 1973 I joined in the debate and asked the government if it would consider this form of tax relief—because that is what is needed. To date, Mr. Speaker, even in what has been described as the mini-budget, the government has failed to act. It has failed to grant this tax relief to a segment of society for whom relief should be granted in order to assist in stimulating Canada's construction industry. I cannot understand why the government has refused this request.

What has the government done to assist in this matter? It has announced a $350 grant in Ontario, I think $500 in other parts of Canada, to upgrade insulation in houses. It has told Canadians to insulate their homes and has offered them $350. But what it has forgotten to tell Canadians, though it did put it in small print, is that they are going to be taxed on that grant. The grant becomes part of their taxable incomes.

Mr. Gauthier (Ottawa-Vanier): What is wrong with that?

Mr. Baker (Grenville-Carleton): More than that, the assessment provisions are such that every time a person spends $350 on his house to improve it he is reassessed. When I improve my property the assessor comes around and raises my municipal taxes.

Mr. Gauthier (Ottawa-Vanier): That is a provincal matter, not federal.

Mr. Baker (Grenville-Carleton): I do not care. It makes no difference at all. I am saying that here is an opportunity for the federal government of which it has not taken advantage to grant relief to these people. If the hon. member for Ottawa-Vanier (Mr. Gauthier), who has just roused himself from his sleep, cannot understand that, then I do not think there is very much hope for him.

That is the situation, Mr. Speaker. There are a host of other areas where the government has taken this kind of midstream approach. Is it any wonder that I said at the outset of my speech, through you to the Minister of State (Small Business) that what Canadian businessmen want in order to provide jobs is a better business and investment climate. Part of this climate is stability. But the business communities and other communities in Canada who depend upon the government for leadership do not have confidence that there is stability in government. In fact what is happening is that Canadians in all walks of life are looking at the government and asking themselves: by what right can it be said that it still has a mandate to lead?

● (2142)

The Minister of State for Federal-Provincial Relations (Mr. Lalonde) announced the other day that he had come to the realization that the key to saving Canada was a sound economic climate. Yet when the government had an opportunity, at the beginning of this session, to bring in a budget, what did it do? It brought in a band-aid, instead of looking to the structures of our economic society to see where they could be changed, improved, and enhanced. We had this government giving with one hand and taking away with another. There is not a member on the other side of the House of Commons who is not ashamed of what the Minister of Finance did in this House of Commons.

The government has indicated that it wants this taxation bill passed quickly. It is important for members to know, and for the country to know, that we are not just debating the ministerial statement made a few nights ago in the House of Commons. We are only on the second day of the bill arising out of that. We are debating the budget of March 31, 1977, which announced all kinds of legislation that the government never saw fit to bring in, even though parliament was sitting for most of the summer.

When ministers stand in their places and state that members of parliament, who have been denied an opportunity for a general discussion of the government's economic program which a budget would allow, are under an obligation to pass quickly this piece of legislation, which is actually half a loaf, then I think the government had better think twice. Members of parliament were denied the rights and privileges of a budget

debate, and that is well known in the country. They were legally denied it, but slickly or politically denied it. Members of parliament are entitled to the opportunity for comment on the economic posture of the country and the government as it affects their constituencies.

It is our intention to use this debate to examine, hopefully for the benefit of the minister and hopefully for the benefit of the economic growth and welfare of the country, what Bill C-11 means; what the government's programs mean in terms of the country; and how they have failed. This is in the hope that the government will change its mind and realize that granting only three of the matters raised by Her Majesty's Loyal Opposition, and not the six major items proposed, is not satisfactory to us, nor is it satisfactory to the country, and I suspect it is not satisfactory to a good number of government backbenchers.

I am glad the Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) is present in the Chamber. Perhaps he will understand the course this debate is taking. While we would not for one moment put any unnecessary impediment in the way of the passage of the bill, it is our intention to allow parliament the opportunity to debate this bill fully.

I am delighted that some Liberal members are standing up and debating this bill as well and are, indeed, criticizing the government. I believe the government is worthy of criticism.

I thought I should make that point clear, and I want to thank my friends for the attention they have given to my very short speech tonight.

Some hon. Members: Hear, hear!

Mr. Lumley: Mr. Speaker, I rise on a point of order. I wonder if the hon. member for Grenville-Carleton (Mr. Baker) would permit a question in his time remaining?

The Acting Speaker (Mr. Turner): Order, please. Due to the fact that the hon. member's allotted time has expired, I have to ask for the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Lumley: Mr. Speaker, when the hon. Leader of the Official Opposition (Mr. Clark) wrote his letter to the Minister of Finance (Mr. Chrétien) regarding the death benefit tax, did he take into consideration that the real beneficiaries of that proposal would be the low and middle income people and it would be an expense to the high income people?

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am sure the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) has seen the letter which the Leader of the Official Opposition (Mr. Clark) sent to the Minister of Finance (Mr. Chrétien). I am sure the Leader of the Official Opposition took into consideration all of the ramifications which flowed from the original proposal of the government. The proposal was admitted by the government to be so silly that it found itself bound to withdraw a third of the proposal put forward.

I hope the government, in the course of committee hearings and the committee of the whole on this taxation bill, will consider looking at the insurance provisions and withdrawing the balance of them. In terms of revenue raising for the government, they mean nothing; but in terms of 12 million Canadians who rely on their insurance policies as a reasonable way to create investment capital and to borrow funds which can be used for legitimate purposes, the proposals really damage Canadians from that point of view.

I hope the government will consider those things. That is precisely the reason why the hon. Leader of the Official Opposition wrote the Minister of Finance.

[*Translation*]

Mr. Pinard: Mr. Speaker, with consent of the House, would the hon. House leader of the opposition allow me a question?

[*English*]

The Acting Speaker (Mr. Turner): The hon. member's allotted time has expired, and the hon. member for Waterloo-Cambridge (Mr. Saltsman) wants to speak tonight.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, as the previous hon. member for York South used to say in opening up his remarks, with the greatest respect to the two previous speakers, and with the utmost humility and deference, I think it is time for an expert to wade into this debate.

Some hon. Members: Hear, hear!

Mr. Saltsman: One of the problems with formulating a policy for small business in this country is that the policy inevitably gets formulated by people with outstanding qualities in the field of law who have never met a payroll.

Having listened to the two very distinguished hon. members who preceded me, the hon. Minister of State (Small Business) (Mr. Abbott) and the hon. member for Grenville-Carleton (Mr. Baker), it is no wonder that small business is in trouble.

I have some qualifications in this area, and therefore I feel I should say something about the state of small business and who are the real friends of small business.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Saltsman: I see hon. members opposite are anticipating the truth which I propose to place before the House. I am delighted to see their powers of perception are as sharp as they are. There is no doubt in my mind the best friends small business ever had were the socialists of Canada.

Some hon. Members: Hear, hear!

Mr. Saltsman: Also it is true that this is not always recognized by small business. I have to admit to that. I sometimes wonder why that is. I can only come to the conclusion, while the training of law may not give people experience in small business, it certainly gives them the oratorical qualities of persuasion and illusion.

We have heard great flag-waving speeches about free enterprise, how to go about doing things for small business, and how small business is the backbone of the country. Yet if small businesses were to listen to the kind of advice which comes from both these advisors, they would continue to be in the difficulty they are in now. I want to go beyond simply making this assertion and try to demonstrate some of the things I am saying.

● (2152)

The Minister of State (Small Business) said that the big problem small businesses face is that they have to fill out too many government forms, and as a way of saving small businesses he is going to make sure they do not have to fill out as many forms. If that were all that was necessary to save small businesses, the solution would be very simple; you would simply cancel all forms, and everybody would be prosperous. Surely the patent falsehood of that kind of proposition is clear.

The prescription of the hon. member for Grenville-Carleton does not strike me as being any more appetizing. His solution is that we have to do something about the Post Office. He says that the real problem of small business in this country is the way the Post Office is being run, and if only we could improve the Post Office, everything would be all right. I presume the bills would all go out a little faster and people would pay a little faster, if they have the money with which to pay. Unfortunately this is the kind of advice and speeches small businesses hear at annual conventions and chamber of commerce meetings, and this is the kind of thing they start to believe in, to their own detriment.

Small businesses are willing to pay $2 and $3 to couriers to deliver letters. Yet they are not willing to give the Post Office two cents more in order to get adequate postal service. They pay 12 cents to send a letter, and they complain. They compare a 12-cent letter with service for which they are paying a courier $3. If they pay the Post Office two or three cents more, 15 cents a letter, they could get better service than any courier service could provide. But that is not a government enterprise, and one must not have a successful government enterprise!

Neither the Liberals nor the official opposition want a successful government enterprise because that would give the lie to the cry that private enterprise does everything better. Yet whenever a bill comes into this House—and I have been somewhat critical of my own party in this regard—to increase postal rates, and despite the plea of the Postmaster General (Mr. Blais), who says that virtually all mail that moves in Canada is business mail and who asks for two or three cents more, the official opposition vote against it. Then they have the nerve to say, "If only we could improve postal service, small business would be all right."

Mr. Stevens: Hear, hear!

Mr. Saltsman: I see that the distinguished hon. member for York-Simcoe (Mr. Stevens) agrees that that is the way to solve the small business problem in Canada. On the one hand we have a government which says that the solution to small business problems is to get rid of forms. On the other hand, the official opposition says that the real way to make small business prosperous is to improve the Post Office. How simple these problems are, and how simple are their solutions! There are no simple solutions.

I started off by saying that the best friend the small businessman has, or ever had, in this country are the socialists, the people who are members of the NDP or who were members of the CCF before us. I have been involved in small business, as have others in the House—

Mr. Stevens: Mr. Speaker, I wonder if the hon. member for Waterloo-Cambridge (Mr. Saltsman) would be willing to accept a question.

Mr. Saltsman: I am always willing to accept a question from my hon. friend, and if he feels that his question cannot wait until the end of my speech and if he wants so terribly to put it at this time, I would be very glad to answer it.

Mr. Stevens: Would the hon. member indicate why the Post Office was able to operate at a marginal profit in 1970 when postage rates were 50 per cent less than they are today, yet the Post Office now runs up a $700 million deficit with twice the postal rates?

Mr. Benjamin: Other rates have gone up more than twice.

Mr. Saltsman: I do not know exactly, but perhaps if the hon. member would help me out in my answer, he could explain why I was able to buy coffee for $1.25 at that time and I now have to pay $7.

Mr. Forrestall: You don't pay $7 for it. Don't exaggerate.

Mr. Saltsman: I want only to hint at this because I am not certain, but it seems to me that since that period of time there was a little thing called inflation, and while I do not use this as any justification, I feel quite confident about it. I get somewhat sick and tired of people running down our government services. We must consider the problems in the Post Office. We must consider the problem of logistics in moving quantities of mail.

There is business mail, junk mail, dunning letters, credit cards and other very important stuff. What can you buy for 12 cents? Can you send a letter from Vancouver to Halifax for that kind of money and then say that the Post Office is a terrible institution because it does not always deliver the mail on time? The mail should be delivered on time, but it is not going to be delivered on time until we stop running down our

Post Office and start giving it more money, and perhaps paying the employees more money.

Mr. Stevens: More money?

Mr. Saltsman: That's right. We must stop subsidizing junk mail, newspapers, and everything under the sun, because when the Post Office shut down during the last strike, as it turned out it was not the average citizen who called me telling me we must get the Post Office going again; the businessmen of my community were the ones who suddenly discovered that without the Post Office they could not even survive. Yet they are the ones who have done the most toward destroying the Post Office under the guise that it is a government operation and not free enterprise. They are willing to pay free enterprise ten or 15 times as much as they pay the Post Office for almost identical service.

However, that is an aside. I simply use it as an example to show how people get caught up in simplistic solutions which really do not relate to the problems.

Let me talk about the situation in Sudbury. Again the assumption is that you must stimulate small business in some direct way and that that is the answer. The truth of the matter is that while small businesses deserve to be helped, as do other elements of society, small businesses cannot be prosperous when there are almost a million people unemployed. You do not set out just to save small businesses; you set out to do something about the economy and to get people back to work, because if people are not working small businesses will not be prosperous, no matter what this government does and no matter what the official opposition might do if it were the government.

Let us take a look at the Sudbury situation where INCO laid off a number of people, at the Falconbridge lay-offs, and the lay-offs in other places. How are we going to help small business in Sudbury? The best way is to get those who are being laid off back to work. Otherwise, the whole downtown and most of the firms there are going to be in serious trouble. I am not talking just about retailers; I am talking about welders, electricians, maintenance people, and all the people who are associated with small companies which provide services. That is really what small businesses do; they provide specialized and highly personal services to some of the larger corporations. You cannot save small businesses in isolation. You cannot bring in policies for small businesses in isolation, without doing something about the economy generally.

Let us go back a number of years. It is unfortunate that small businesses have not seen the importance and value of what democratic socialists have done in this country. I remember years and years ago talking to many of my colleagues in small businesses, and they were complaining and unhappy because they had people working for them but their businesses were too small to have their own pension schemes. They knew that some of the loyal people who had been with them years and years would not have pensions, and one of the great things that saved them, and one of the great joys small employers experienced, was the beginning of the Canada Pension Plan.

• (2202)

Sure, a large company can put in a pension scheme, but how does a small company do that? They have to depend on a government scheme in order to do something decent for their employees. Most small businessmen are decent people who want to do it. Old age pensions were the same. They could not make provision for them by paying the premiums the insurance companies wanted in order to provide a decent retirement pension. And what happens with the labour code and minimum wages is Gresham's law—the bad employer drives out the good employer. A decent employer welcomes labour codes and minimum wages because it means that his competitors have to be as decent as he is himself.

If you talk to small businessmen they complain about government interference, but ask a man who has seriously thought about it if he wants to go back to the days when he did not have old age pension, Canada Pension Plan, medical services and hospital insurance programs for his employees. Even with all the complaints about unemployment insurance, do they want to go back to a time when they laid a man off and he had to go on welfare rather than being able to collect unemployment insurance? It is the conventional wisdom to be critical of all these things as an imposition on small business, yet the intelligent, decent, small businessman would not do without them.

Let us look at unemployment insurance in another way. Aside from the personal benefits that accrue to the person being laid off, many small businessmen could not maintain a labour force without unemployment insurance. Very often unemployment insurance is a greater boon to the business than it is to the employees who are laid off.

If we take what is happening in the economy at the moment, this serious recession, the terrible mismanagement, the perversity of government policies, and if that $4 billion that is coming out of the unemployment insurance were not being pumped back into the economy, what would happen to small business? Suppose the unemployment insurance payments were not being made in the depressed areas of Canada where unemployment is reaching close to 16 and 17 per cent, you would have a wave of bankruptcies in small business. It is the only thing that is sustaining those areas at the moment, this terrible socialistic policy.

It is the conventional wisdom to be against these things. There are abuses in all systems; nothing is perfect. I would be the last to claim we should not be trying to improve these measures, but the truth of the matter, from my observation, is that were it not for the so-called socialist measures we would be undergoing a depression that would make that of the thirties look pale. The chief victims would be the small businessmen of Canada who depend on the immediate purchasing power of the people.

It seems to me that whether or not hon. members agree with my general statement, if you place the arguments that I am putting forward against the solutions being offered by the government side—let us get rid of forms and we would have prosperity, and then improve the Post Office according to the

official opposition, as the second way of getting prosperity for small business—then there have to be questions about the judgment of such well intentioned spokesmen.

I am not normally a believer in the Adam Smith, "invisible hand" theory except when I see the actions of this government. Then I am almost converted to it. Sometimes I suspect no hand on the rudder of the ship of state could have done as much damage as the perverse policies of this government have done in the kind of crisis we face today.

● (2207)

When I look at the Minister of Finance (Mr. Chrétien), I am reluctant to be rough with him. He is a very decent chap. Everybody likes him. I am sure he means well. I feel for him as I felt for his predecessor. What a rotten thing to do to a nice guy, make him Minister of Finance and saddle him with the insanities of the preceding policies of that government, expecting him to put a good face on it. At the moment, he is carrying it off.

He is a new minister. There is a sort of will on the part of the public to want to believe that perhaps this man will be able to do something the others were not able to do. It has driven more than one minister into exile. One got out completely. The other decided that he needed to go back to his family. I do not blame him for that.

I do not know where this minister will go. He has turned down the leadership of the Quebec Liberals. After a few months in the office of Minister of Finance, being leader of the Quebec Liberals might look very attractive. In any event, we wish him well. We are not saying things about the minister with malice. We know these are difficult times, not only in Canada but in other countries of the western world. We do not want to say they and they alone did it.

What I can be critical about is not that a miracle has not taken place in that the old budget plus the new mini-budget are just perverse and will do no good. In fact they may do a lot of harm. Therefore, whether we pass this measure or not is of no concern to me. In fact I think the greatest mercy we could show the country would be to make sure it does not pass. However, it will pass. But it is not worth passing because it is dangerous and damaging.

What is disturbing is that this kind of realization is not sinking in. Every once in a while the minister comes upon a piece of truth. The other day he said we may be saving too much, and just left it hanging in the air. We are saving too much, but whose fault is it? It is the fault of the government.

Who brought in registered retirement plans, incentives for savings, depreciation allowances, and the 5 per cent forgiveness of one kind or another? Who is continuing this policy? These are policies designed to increase savings. However, the minister says we are saving too much. I agree. We are saving ourselves right into a depression.

Does the minister do anything about it? Is he doing anything about it through the budget? The people who receive the benefits of the registered retirement savings plans are not the poor. It is the better off, middle class and upper class, who are getting the chief benefits.

Businesses have more savings than they need. They do not know what to do in terms of investment. Why not save? They cannot spend it. There is a limit to how much a person can eat, how many cars he can drive, and how many washing machines he can own. But those who need it have not got it. Even the tax saving being proposed is for people with taxable incomes.

What about those who do not have taxable incomes? This is the great dichotomy, the reason we cannot get out of this terrible situation. Those who do not need to spend any more are getting the benefits of savings. Those who have great needs and would spend if they had it, are getting no benefit at all.

Unless we get a redistribution of income from those who have the money to those who do not, so that there will be more spending as a result of these tax cuts, it will simply result in it being socked away in the bank. The banks cannot even get more of their money out.

What is the consequence? Who is going to invest? Why give business more money? In what will they invest? They are only using 80, 82 or 83 per cent of their plant capacity now.

An hon. Member: Modernize.

Mr. Saltsman: We have modern plants. The problem is not modernization. The problem is, we do not have people to buy goods. It is the same problem that the world experienced to some extent following the second world war.

● (2212)

What we need, in blunt terms, is another Marshall Plan, or, rather, a Marshall Plan for our own poor and a Marshall Plan for the rest of the world. Western civilization has become satiated and self-centred, and unless we are prepared to redistribute income both to our own people and to other people in the world, Western civilization is in serious trouble. This does not affect Canada alone. Others are finding themselves in similar positions. Europeans are beginning to recognize this problem to a greater extent than we are doing, and they are already increasing foreign aid because they recognize that unless there is a redistribution of income they will find themselves in a serious situation.

The kind of budget we are being asked to pass as quickly as possible for the sake of the country does not even hint at these problems. Instead, we have a minister who, in a moment of truth and insight, recognized that we were saving too much but insisted on bringing in a budget which will increase the savings of business and of people who already have lots of money. Not only that, he reintroduced the Big Mac budget with its mayonnaise. I do not like mayonnaise on hamburger. Whether you put mayonnaise on hamburger or not, it is still hamburger, and unfortunately it is debilitating.

Mr. Knowles (Winnipeg North Centre): I never touch it!

Mr. Saltsman: That budget contained provision for $1.2 billion in savings and tax benefits for large business. This is at

a time when the minister says we are saving too much. This is at a time when business does not want to invest because there is no point in investing.

We may have to go back to a national plan, something like that of Sir John A. Macdonald—a kind of fortress Canada. It is not something any of us like, but the economy has been so mismanaged that we may have to retreat before we can go out again as good citizens. Either that, or we must really go out as good citizens and start redistributing income. These are our choices. We can redistribute income in this country and take a chance, redistribute it to our own poor and to the world's poor, or retreat into fortress Canada and build up our own economy.

The foreign ownership chickens are coming home to roost. I listened with a good deal of interest to the speeches made by the hon. member for Halton (Mr. Philbrook) and the hon. member for Prince Edward-Hastings (Mr. Hees). They both made a number of points which were well worth noting. The hon. member for Halton raised the question of what happens as a consequence of foreign ownership.

The great benefits of foreign ownership are felt in the early stages. There is a lot of investment to begin with, but as soon as things get tough in the home country the gears are thrown into reverse. I am not condemning foreign ownership for taking this approach. That is the way things operate. We would do it ourselves. In fact we do have a Canadian company which is mining for nickel in Asia. Because miners are being laid off in this country, we say, "Stop mining for nickel in Asia and mine it in our own country because there is unemployment here." It is a natural tendency for any governing body to say in such circumstances, "Come home. Bring your jobs home."

● (2217)

It is natural in the United States, which is also faced with large scale unemployment, to say to its multinational corporations, "We do not want you investing your money around the world. That is fine so long as we do not need jobs here. But we do need jobs at home now and we want you to invest back here". This is precisely what is happening, Mr. Speaker. You see it happening with the Canada-U.S. auto agreement. In the initial stages Canada was reaping considerable benefit in terms of the number of jobs created in this country versus the number of automobiles purchased in this country. But in the last number of years the situation has been reversing itself and we are now running a serious deficit with the United States, if you include parts and finished cars.

If you look at the figures in the Auditor General's report showing what is happening to skilled jobs in the automobile industry, the same pattern emerges. The hon. member for Don Valley (Mr. Gillies) should be grateful for this: we are becoming the hewers of wood and drawers of water when it comes to making automobiles. The skilled jobs are going to the United States. We will be facing a serious situation unless something is done about it.

What we need is an industrial strategy. Today my leader issued a press release in which he said that we have to come to grips with an industrial strategy in the field of textiles, shoes, and the auto industry. If these limited free trade arrangements do not do the job, we will have to do more than that; we will have to protect our own industry. This is of particular importance in view of the delicate situation in Confederation. I use the word "delicate"; I presume I could use other words. Many people think that Quebec cannot do it alone. Many people labour under the illusion that the advantages of Confederation are so great that the people of Quebec would never try it on their own. The advantages of Confederation, when one looks at the state of the Canadian economy today, are not that great that the people of Quebec would say they dare not try something else.

I predict that within a short time you will see what is the strategy of the Parti Québécois. They will opt for an economically buoyant Québec. They will say to the people of Québec, "The Canadian government in Ottawa, which is supposed to represent all of us, is unable to solve the economic problems of this country, particularly unemployment; we will show you that in Quebec, even with our limited authority, we will do better than the federal government." When they find they cannot do better and they fail in some areas because a province does not have the power that the federal government has, they will tell Quebecers, "If we had federal powers this is what we could do for you".

I do not want to see Quebec separate, and I do not think any member of the House does. I hesitate even to talk about it for fear the talk itself may hurt. The reason I do talk about it is that I think silence may hurt more. If we do not face the reality of the bankruptcy of federal economic policies, then we will lose this country. When the country is strong and not under stress, we can put up with all kinds of inane solutions to solve the problems of small business and of the economy. But under the circumstances we need far more from the government than the kind of perverse and misguided policies which it has introduced.

I would settle, and I am sure many of my colleagues would too, not for the government solving our problems overnight; not for the government saying it has pulled a great big lever and created 100,000 jobs. I would settle for less than that. I would settle for a statement from the government that it understood the serious difficulties that we are facing. I would settle for a statement from the government which indicated that it understood the serious difficulties it is facing; that it understands the policies it has been bringing in for the last number of years have been working to the disadvantage of the country, and it is now prepared to move in a new direction and say, "We will swallow a bit of our pride." I do not want it to make an abject confession.

● (2222)

Mr. Blackburn: You are expecting too much.

Mr. Saltsman: Perhaps that is so, but that is the trouble with socialists; we are always too optimistic about human nature and we always think everyone is capable of being reformed, including Liberals. Perhaps that is too optimistic, though there are some good fellows over there.

An hon. Member: Two or three.

Mr. Saltsman: Yes. They just strayed a little bit. They are just "poor little lambs who have lost their way." I am sure my colleagues will joint in the chorus—"baa, baa, baa."

In conclusion, I appreciate the attention the House has given to my remarks, but this is a serious matter. It is not just playing games and bashing the government for the sake of bashing the government. We need some indication from that side of the House that it is prepared to change its policies and move in new directions.

As far as the benefits in this budget are concerned, I realize most people have already made arrangements to take the benefits; but somewhere down the line we must hear the government say, "We understand what the problem is. We understand we have to move in these new directions, as difficult as they may be". At least the government would then provide some encouragement.

Whether this budget is passed or not, as things now stand, for the ordinary person it would be of little consequence. It would do the government a great deal of good if it ran into a real debate on this issue. Also it would do the government good if, during the course of that debate, it had a chance to think better about what it has been doing, and it brought in positive rather than perverse policies.

Some hon. Members: Hear, hear!

Mr. Jake Epp (Provencher): Mr. Speaker, this is an important period of time in the history of our country, and especially in the matter of our economic future.

Despite the seriousness of the situation all Canadians face, I must admit there is a certain amount of humour which can creep into the debate and into this House of Commons. Possibly the position the hon. member for Waterloo-Cambridge (Mr. Saltsman) put forward, that the greatest friend of small business in this country had been the CCF, the NDP, or what he preferred to call democratic socialists, is not correct. If members of this House left the Chamber this evening and took a poll of small businessmen, asking them whether the NDP was their best friend, the results would be somewhat less than that mentioned by the hon. member. In fact the natural alliance of the NDP in Manitoba, for example, was not with small business.

It was the small businessmen and their employees who got together on October 11 and turfed out the provincial NDP government. It was the small business community which saw business investment was down in the province, and employment was down. It was the small businessmen, along with their employees, who wanted security and realized that the NDP government of Manitoba had gone beyond the pale of taxation and had gone into the area of confiscation. Not only did the NDP government of Manitoba do this, but I suggest the government opposite has as well.

It is a commonly held opinion by many Canadians that in fact this country has been governed by a socialist prime minister for the last number of years. The hon. member for Waterloo-Cambridge says that the best friend of small business is a social democrat. I do not know how he can say that, because a social democrat has been the leader of this Liberal government. Liberals who have been members of that party for many years have left the party simply because they cannot accept the Liberal-left association that the Prime Minister (Mr. Trudeau) has allowed. Nor can they accept his economic policies.

• (2227)

Mr. Knowles (Winnipeg North Centre): Tell us about the hon. member for Crowfoot (Mr. Horner).

Mr. Epp: The hon. member for Waterloo-Cambridge expressed some rather interesting economic theories. He slipped them in as if they were new, but I believe they go back to a man named Karl Marx and his writings, and hon. members know what he was the forerunner of, Mr. Speaker. I have to paraphrase the hon. member because I cannot get *Hansard* at this moment, but he said we should redistribute income on the basis that those who have money should distribute their income among those who do not. I believe if we look to the Union of Soviet Socialist Republics and their sixtieth anniversary, we will find that that is pretty close to what Karl Marx said, and that it is on that they have based their economy.

Despite the fact that the former minister of state for small business went to the USSR to see what he could learn about small business there—and I hope the present minister does not follow that example—the fact remains that I do not think a lot of small businesses can be found in the USSR, and the reason is very simple. The natural extension of the philosophy of the hon. member for Waterloo-Cambridge, of the NDP and of the socialist democratic Prime Minister of this country would simply destroy business.

Mr. Gillespie: The Tory philosophy is take it from people who haven't got it and give it to people who have.

Mr. Epp: The Minister of Energy, Mines and Resources (Mr. Gillespie) is trying to intervene. He has so many problems in his department he should stick with them and try to solve a few. He should not try to get into economics. He has made enough of a mess already.

Mr. Gillespie: Why don't you go back to the philosophy you were talking about? Tell us what is the Tory philosophy.

Mr. Epp: Bill C-11 is known to everyone as a mini-budget. In fact in question period the Minister of Finance (Mr. Chrétien) said it was a budget. Very surreptitiously the government plays its games. It decided to have a mini-budget slipped into the throne speech debate. Therefore, as our House leader has already stated, we will use this debate to bring forward the position of this party on economic affairs and to show to Canadians once again that the great failure of this country is the economic leadership, or lack of it, that the government has displayed throughout its tenure of office. This government and this Prime Minister have been abject failures,

and the unity question upon us today is upon us for one simple reason, and that is that the Prime Minister has literally destroyed the hopes of Canadians, especially those Canadians in depressed regions. For this reason the unity question is upon us to a greater degree than it would otherwise have been. Mr. Speaker, may I call it 10.30?

Income Tax

Mr. Deputy Speaker: Order, please. It being 10.30 p.m., pursuant to the order previously adopted, this House stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Wednesday, November 9, 1977

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PROPOSED REFERENCE TO COMMITTEE OF ALLEGEDLY ILLEGAL INTERCEPTION OF MAIL—MOTION UNDER S.O. 43

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Having regard to the serious doubts now raised publicly about the integrity, or lack thereof, in the Solicitor General's annual report to parliament dated February 11, 1977 wherein it was asserted that only one warrant authorizing postal communication interception was issued in 1976, which warrant allegedly could not be executed, and since it is now alleged in media reports that mail interception with or without warrant may have been, and may be, a common occurrence, I ask leave to move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That a reference be made to the standing committee on Justice and Legal Affairs to permit that committee to investigate in its entirety the matter of illegal and unauthorized interceptions of mail.

Mr. Speaker: Under the terms of Standing Order 43 such a motion can be put to the House only by unanimous consent. Is there unanimous consent?

Some hon. Members: No!

* * *

TRADE

SUGGESTED DELAY OF TARIFF REDUCTIONS PENDING INTRODUCTION OF INDUSTRIAL STRATEGY—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, considering that the Economic Council has pointed out that the government has no plan to deal with the problems which will arise from its announcement and studied intention to reduce tariffs and considering that the results of such reductions could be disastrous for Canadian workers in textiles, plastics, shoes and electronics, as well as in other sectors, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the government not to proceed with such tariff reductions until it presents to the House an industrial strategy designed to ensure continuing employment in these crucial sectors.

Mr. Speaker: The motion is presented under the terms of Standing Order 43 and consequently unanimous consent is required before it can be put to the House. Is there such consent?

Some hon. Members: No!

* * *

FINANCE

PROPOSED REFERENCE TO COMMITTEE OF FOREIGN EXCHANGE POSITION—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. As the dollar continues to be under pressure having broken the 90 cent level once again today, and as there has been a further $100 million dollar drain on our U.S. dollar reserves so far this month with $50 million dollars going out this morning, I ask leave to move, seconded by the hon. member for Oxford (Mr. Halliday):

That there be an immediate reference to the appropriate standing committee of this House with respect to our foreign exchange position and the government's handling of the matter.

Mr. Speaker: Under the provisions of Standing Order 43 unanimous consent is required before the motion can be put. Is there such consent?

Some hon. Members: No!

* * *

TOURISM

SUGGESTION CANADIANS HOLIDAY AT HOME TO REMEDY TRAVEL DEFICIT—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to move a motion under Standing Order 43 concerning a matter of urgent and pressing necessity. Having regard to the growing Canadian travel and tourist deficit, which now stands at $1.7 billion and in view of the serious consequences of this huge deficit for the Canadian balance of payments position and much needed jobs in the Canadian tourist industry, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House agrees with the recent statements of the Minister of Finance that Canadians should holiday at home to remedy the country's travel deficit

and furthermore urges all members, particularly the Prime Minister, to vacation right here in our beautiful country.

Some hon. Members: Oh!

Mr. Speaker: Such a motion pursuant to Standing Order 43 can be put forward only with unanimous consent. Is there unanimous consent?

Some hon. Members: No!

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MANPOWER

PERSONS SEEKING EMPLOYMENT IN ALBERTA SHOULD HAVE CONFIRMATION OF JOB—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. In view of reports about the low unemployment rate in Alberta and in view of the continuing influx of unemployed to that province, many of whom arrive without funds, without a job, and without technical training to fit into the labour force or return tickets to their places of origin, thus creating discomfiture and social problems associated with a higher cost of accommodation and food, I move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That the Minister of Employment and Immigration publicize through Manpower offices throughout Canada that such persons would be well advised not to travel to Alberta in the expectation of finding work unless they have confirmation of a job.

Mr. Speaker: The motion can be put forward for discussion under the provisions of Standing Order 43 only by unanimous consent. Is there such consent?

Some hon. Members: No!

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CANADIAN NATIONAL RAILWAYS

GOVERNMENT ACTION TO REDUCE LAY-OFFS IN ATLANTIC REGION—MOTION UNDER S.O. 43

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, pursuant to Standing Order 43, I rise to put forward a motion of urgent and pressing necessity. The callous attitude of the Canadian National toward employment and service in Nova Scotia is causing severe hardship and increased unemployment. CN Express offices have been closed across the province and the latest target is the CN Express operation at Sydney. Because we cannot tolerate any further loss of employment or reduction in service, I would move, seconded by the hon. member for Cumberland-Colchester North (Mr. Coates):

That the Minister of Transport take immediate action on the request of the national president of the CBR of T and GW for a special commission of inquiry to halt the rash of cutbacks, lay-offs, transfers and reductions by the CN in Quebec and the Atlantic region and that CN be instructed to concentrate on more employment and better service rather than on profit-making just for the sake of profit.

Some hon. Members: Hear, hear!

Mr. Speaker: The motion, having been proposed under the terms of Standing Order 43, can be presented only by unanimous consent. Is there unanimous consent?

Some hon. Members: No.

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HOUSE OF COMMONS

PROPOSED EARLY ACTION TO BROADCAST COMMITTEE PROCEEDINGS—MOTION UNDER S.O. 43

Mr. Jim Balfour (Regina East): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the success of the broadcasting of the proceedings of this chamber and in view of the importance of committees in the work of this House, I ask to move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

● (1412)

That this House urges the Special Committee on Television and Radio Broadcasting to make a report on the means by which broadcasting, by private or in-House facilities, could commence from the committees of this House as soon as possible.

Mr. Speaker: Order, please. I think hon. members on both sides of the House will agree that the committee already has this question under active consideration.

* * *

PRIVILEGE

MISS BÉGIN—REFERENCE TO ALLEGED TAPE PLAYED ON CBC NEWS—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of the same standing order. In view of the statement by the Minister of National Health and Welfare (Miss Bégin) yesterday as reported in *Hansard* on page 692, that "The leader of the New Democratic Party should have had the decency of checking with me about the unfounded serious allegations he has just made.", and in view of the telegram which the minister says she is sending to the Toronto *Sun* and the *Charlatan* newspaper, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That the minister table the telegram that she proposes to send, and that she be given a chance at the first opportunity to advise this House if it was her voice that was taped at eight o'clock on the CBC news this morning which repeated these alleged unfounded allegations.

Mr. Speaker: Order, please. Before presenting the motion for the consideration of the House in terms of unanimous consent, I should indicate that the minister who is the subject of the motion has given the Chair notice of a question of privilege with respect to the matter and sought leave of the

House to proceed before 2.15. I have indicated that it should be done at three o'clock. The introduction of the motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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RESOURCES

PROPOSED INQUIRY INTO MINING SECTOR—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that there have recently been close to 4,000 lay-offs in the mining sector and mining officials are predicting there may be as many as another 3,000 over the next six months, and in view of the fact that many of these lay-offs are attributable to poor planning in the mining sector, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House call on the government to immediately establish a parliamentary commission of inquiry into the mining sector of the economy with a view to development of an industrial strategy to ensure that Canadians receive the maximum possible benefit from the exploitation of their resources.

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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VACANCY

Mr. Speaker: Order. I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely Robert Stanbury, Esq., the member for the electoral district of York-Scarborough, by resignation. Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED ILLEGAL INTERCEPTION OF MAIL—GOVERNMENT POSITION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, in the inexcusable absence of the Prime Minister—

Some hon. Members: Hear, hear!

Mr. Clark: —and in face of two major questions concerning the unity and the competence of his cabinet, I should like to direct a question either to the Postmaster General or to the Acting Prime Minister, whoever that is today. My question is this: Have security officials been intercepting, opening, inspecting or copying mail of private Canadian citizens in any circumstances other than undeliverable mail or customs inquiries?

Hon. John C. Munro (Acting Prime Minister): Mr. Speaker, I should like to draw the attention of the House to a letter the Prime Minister wrote to the Leader of the Opposition this morning stating in some considerable detail the justifiable reasons for his absence. I quote:

The Prime Minister has asked me to inform you that he feels that he must proceed to the Maritimes to keep his previous commitments to hold important discussions with Premier Regan and Premier Hatfield.

Some hon. Members: Hear, hear!

Mr. Munro (Hamilton East): These are in line with meetings already arranged by the Prime Minister with Premiers Lougheed and Bennett in western Canada some time ago to discuss the very questions that members of the opposition claim are of such importance to Canada, namely the questions of the economy and national unity.

• (1417)

Mr. Clark: Mr. Speaker, I continue to be amazed by the tactics used by this government to avoid answering questions. This House and the country know that the Prime Minister had Monday in the Bahamas and is on a Jetstar today—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I should like to ask hon. members on both sides of the House to permit, if possible, those putting questions and those answering, some quiet in which we can hear them.

Mr. Clark: Mr. Speaker, in his defence of the indefensible the minister debated—

Some hon. Members: Question, question.

Mr. Speaker: Order, please.

Mr. Clark: Mr. Speaker, might I ask the Acting Prime Minister for an answer to my question?

Mr. Munro (Hamilton East): Yes, Mr. Speaker, I think my colleagues the Postmaster General and the Solicitor General are well able to answer any questions of the Leader of the Official Opposition.

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, in answer to the hon. gentleman's question, if not his comment, I might indicate that following the program last evening, and, like the gentleman, I followed it with a great deal of interest, I obtained a report from my security and investigation officials. I have been advised that there is no change and has not been any in the policy of the Post Office. I refer to the policy that was made in this House by Bryce Mackasey two years ago, and the one I adopted and have enforced, namely, that there is not to be any intervention in respect of first class mail or, indeed, in respect of any regular mail unless it is authorized by the Post Office Act. This means there is no interference and no removal of the mail, save and except in certain instances where co-operation is sought by the RCMP. There is co-operation provided by the Post Office relating to the covers and the information contained on said covers. At no time is the mail taken from the custody of the Post Office or diverted from the ordinary mail channels.

Mr. Clark: Mr. Speaker, the minister has told us what is the policy of the government. Can he tell us as a result of his inquiry what the practice has been, whether in fact there has been any departure from the policy, and whether in fact there has been any kind of interception of or dealing with mail by security officers in violation of the Post Office Act, which I remind the minister allows intervention only in two cases; one, where the mail is undeliverable, and the other relating to customs questions? Can he give us the unequivocal assurance now that there have been no instances of intervention with the mail of a private citizen in any way other than that authorized by law?

Mr. Blais: Mr. Speaker, following the investigation I have conducted with my own security investigation personnel I stand by my statement. There was one instance I was made aware of last year in late October or early November in respect of which I caused an investigation to be conducted. It came to my attention that, indeed, the policy had been somewhat stretched. I directed my security investigation personnel to direct all field officers to abide by the policy I have described, and I am advised that is being done. I have no information from my security and investigation people to date that would indicate anything to the contrary has taken place.

GUIDELINES FOR INTERCEPTION OF MAIL BY SECURITY SERVICE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, if I understood what the Postmaster General said earlier, he indicated to us there were exceptions and those exceptions had to do with requests by security services to look at mail. Will he tell us what guidelines exist, and would he care to table those guidelines regarding the conditions under which security services of the government of Canada, under whatever heading, have the right to look at the mail or deal with the mail of a private citizen?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, there are no specific guidelines. What takes place is that the RCMP makes a request of the field officers of security and investigation. That request is then channeled to my head of security and investigation in Ottawa. He studies the particular request and authorizes co-operation between the RCMP and postal officials. That co-operation relates to investigations being carried on by the RCMP. Again I suggest to the hon. gentleman, the fact is that the investigation is conducted at the Post Office premises and it is only with reference to the cover information on the envelope.

• (1422)

MINISTERIAL RESPONSIBILITY FOR SECURITY SERVICE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I have a further question for the Acting Prime Minister on this fundamental issue of ministerial responsibility in the field of national security. I should like to refer to a statement by the Minister of National Health and Welfare yesterday when she referred to unfounded serious allegations. She was describing statements attributed to her in the *Charlatan* newspaper at Carleton University. I should like to ask the Acting Prime Minister with regard to this part of the transcript, "there is no way somebody is going to tell me that as a Quebecer there was a state of national emergency somewhere in Quebec and some threats to God knows what"—

Mr. Speaker: Order, please. In fairness, it would take a great stretch of the rules of the House to see that as a supplementary. I will see the hon. member for Kingston and the Islands in one moment.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: The hon. member for Saskatoon-Biggar on a point of order.

Mr. Hnatyshyn: Mr. Speaker, I rise on a point of order. The fact of the matter is that it is clear the questions posed by the hon. Leader of the Opposition at the outset and those following by the hon. member for Kingston and the Islands, dealt specifically with the role of security services under the government, the position the cabinet takes with respect to same, and the question by the Leader of the Opposition dealt with the mechanisms used in surveillance. There was an answer with respect to that particular aspect. It seems to me that the question of ministerial responsibility has been brought into focus by the hon. Leader of the Opposition, and it is only appropriate that we are able to carry on at this juncture with questions with respect to that.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. In every case on every day I have recognized that the hon. Leader of the Opposition ought to be followed by one of his own members in respect of a supplementary, and very rarely have I interfered. However, today the hon. Leader of the Opposition exposed a subject which relates to interference by the RCMP or others with the mail. The hon. member for Kingston and the Islands raised a subject which relates to statements made yesterday by a minister in a question of privilege, which have to do with an apprehended situation some time ago in the province of Quebec. With due respect, I indicated that I would see the hon. member for Kingston and the Islands shortly to expose that subject; but the subject is in no way directly connected as a supplementary.

Some hon. Members: Hear, hear!

POSSIBILITY FOUR MORE CASES OF ILLEGAL ACTIVITY REFERRED TO COMMISSION—REFERENCE TO PROVINCIAL PROSECUTORS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Solicitor General. Would the Solicitor General confirm that either he, officials in his department or members of the RCMP have referred four additional allegations of RCMP wrongdoings. These would be in addition to the APLQ break-in, the barn burning, the dynamite stealing and the breaking into the office of a legal political party. Has he, his officials or the RCMP referred four more allegations of criminal wrongdoings involving the RCMP to the federal royal commission?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I do not know where the number four comes from. I have given very explicit directions that any complaint or any allegation coming in concerning any possible impropriety by the RCMP, be referred directly to the royal commission of inquiry into the practices and the procedures of the RCMP.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I will put the question in a different way. Can he tell us how many further allegations he or his officials have referred to the royal commission? Or is he saying that he left instructions with his department to go ahead and do this on its own, and that he does not want to be informed about what is going on? Is he aware of the number that have been referred in addition to those which have already been referred? At the same time, can he tell us if the provincial authorities in the appropriate provinces who are responsible for prosecuting under the Criminal Code have been informed of all such cases?

● (1427)

Mr. Fox: Mr. Speaker, any complaints which have been brought to my attention have been referred in part to the force. They can have a look at them. They have also been referred to the McDonald inquiry. They have not at the same time been automatically referred to the provincial attorneys general where the alleged events may have occurred. There have been a number of allegations.

Hon. members will recall that a whole series of complaints were made during the months of June and July. We set up the commission of inquiry so that we could have an independent, impartial, outside body examining witnesses under oath and coming to conclusions as to whether evidence should be referred subsequently to attorneys general. I have consulted the law officers of the Crown, and they tell me that the proper course to follow at the moment is to refer such allegations to the royal commission set up by the government last July.

Mr. Broadbent: With respect, Mr. Speaker, the minister cannot have it both ways. In the speech he made in this House on a nice, quiet Friday afternoon in which he announced that a break-in had taken place involving a legally constituted political party, the Solicitor General at least in that instance saw it as his obligation to inform hon. members of this House about some of these activities. In light of his own precedent in this regard, is the minister now saying that any other allegations made involving criminal wrongdoing by the RCMP will not be brought before members of this House but simply referred to the royal commission in the normal course of business as he sees it?

Mr. Fox: For an hon. member who is alleged to be leading a party which is very concerned about civil liberties of Canadians I find it amazing that he believes that every time a complaint comes forward—

Mr. Broadbent: No one is saying that.

Mr. Fox: —I should immediately bring to the floor of this House the nature of the complaint, the names of the people involved and the names of those against whom the complaint is directed. A number of questions have been raised in the course of former royal commissions of inquiry. Facts have been brought to the attention of those federal royal commissions, and those commissions have made suggestions and recommendations that the evidence be brought to the attorneys general of the provinces in which events occurred, and that is the procedure we intend to follow.

STATEMENT BY MINISTER OF NATIONAL HEALTH AND WELFARE CONCERNING ACTIVITIES IN QUEBEC—GOVERNMENT POLICY

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Acting Prime Minister, and it has to do with the subject raised initially by the Leader of the Opposition about the very fundamental issue of ministerial responsibility in the field of national security. I would like to refer to the statement yesterday by the Minister of National Health and Welfare. She said that unfounded serious allegations—

Miss Bégin: Where did I say that?

Miss MacDonald: It is recorded at page 692 of *Hansard,* and it was in reference to excerpts from the *Charlatan* newspaper. In a transcript of her remarks the minister is recorded as saying, "There is no way somebody is going to tell me that as a Quebecer there was a state of national emergency somewhere in Quebec and some threats to God knows what". I would like to ask the Acting Prime Minister whether the Minister of National Health and Welfare was stating government policy when she made that statement?

Miss Bégin: I never said that.

Hon. John C. Munro (Acting Prime Minister): Mr. Speaker, I would have assumed that an hon. member who usually behaves fairly in this House would have noticed that Your Honour mentioned that the Minister of National Health and Welfare had a question of privilege to raise with respect to this matter. That was her notice to indicate to the House that she has—

Mr. Clark: Another evasion.

Mr. Stevens: Answer the question.

Mr. Munro (Hamilton East): Let me finish, if you don't mind. That was her notice to indicate to the House that she has a question of privilege. The rules, which have been agreed to by all parties in this House, say that a question of privilege of this nature is usually to be taken up at three o'clock. At that time the minister will have an opportunity to explain her grievance, which is legitimate in my opinion. The hon. member who has just risen will have ample opportunity to comment on that question of privilege at that time. Those are the dictates of fairness as I perceive them.

● (1432)

Miss MacDonald: Mr. Speaker, my question was to the Acting Prime Minister. I was not asking him what the Minister of National Health and Welfare said but whether it was—and I ask him this in his position of Acting Prime Minister—whether or not it was government policy which she stated. That is the question I wanted him to answer. Will he answer that question?

Mr. Munro (Hamilton East): Mr. Speaker, the hon. member is drawing conclusions based on content which my colleague the hon. Minister of National Health and Welfare questions through a question of privilege. I think before drawing her unjustifiable conclusions she should at least hear what the hon. minister has to say.

Mr. Clark: Cover-up.

Miss MacDonald: A final supplementary question, Mr. Speaker. Could I ask the Acting Prime Minister if he would look at that statement and then tell the House how he would reconcile it with this statement by the Solicitor General with reference to the seizure of lists of the Parti Québécois:

[Miss Bégin.]

It was authorized and carried out in the absolute conviction that its sole object was to promote the security of Canada given the political and social climate prevailing in 1973.

Mr. Munro (Hamilton East): Mr. Speaker, since the hon. member seems to be ready to draw conclusions before she has even heard from the hon. minister I will draw my own. I have a very high regard for the Minister of National Health and Welfare.

Some hon. Members: Hear, hear!

Mr. Munro (Hamilton East): I do not believe she has breached the tenets of ministerial responsibility.

Mr. Clark: You don't know what they are.

* * *

POST OFFICE

POSSIBILITY OF INQUIRY INTO VIOLATIONS OF POST OFFICE ACT—MINISTER'S KNOWLEDGE OF VIOLATIONS OF ACT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question follows the question that was opened up by the Leader of Her Majesty's Loyal Opposition and is directed to the Postmaster General. In view of the fact that Section 48(3) of the Post Office Act gives the Postmaster General the authority to appoint officers employed in the post office to conduct an inquiry similar to one conducted under the Inquiries Act into the violations of the post office under Section 48, could the Postmaster General inform the House if he has authorized such personnel in his office to carry out this responsibility, if they are having liaison with the security forces and whether they report regularly to the hon. gentleman?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, I have not yet acted under Section 48(3). There is not as yet any evidence upon which I could do so.

Mr. Dinsdale: A supplementary question, Mr. Speaker. In light of complaints that come from members of parliament, and I am sure these will be specifically mentioned here from time to time, and in view of the vital importance of the privacy of the mails with respect to civil liberties and the Postmaster General's exclusive privilege under Section 8 of the Post Office Act for "collecting, conveying and delivering letters in Canada," can the hon. gentleman inform the House how the mail could be "liable to demand seizure or detention" in the words of Section 43 of the act without his knowledge, particularly when questions of security are involved?

Mr. Blais: Mr. Speaker, if the hon. gentleman had listened to my first reply he would have noted that I indicated my own security and investigation services have reported to me this morning that they have not participated as has been alleged in yesterday's program.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER HEALTH MINISTER MADE CERTAIN STATEMENTS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of National Health and Welfare.

I am not referring to the question of privilege, but in fact to the statement she is reported to have made before students. My question is quite clear. Could the minister advise the House whether she has actually said that the security services had acted stupidly in connection with the stolen list, unrealistically in connection with the fire, adding that these services are so powerful that they can do as they please at any time?

Hon. Monique Bégin (Minister of National Health and Welfare): As I have indicated, Mr. Speaker, I intend to deal more specifically with this matter when I rise on a question of privilege at three o'clock. The hon. member is inquiring about a discussion which took place during a lunch break at Carleton University some eight days ago, which lasted for an hour and a half, and of which the recorded tape I do not have. I shall deal more fully and completely with this issue in a little while.

* * *

[*English*]

POST OFFICE

ALLEGATION BY MEMBER OF TAMPERING WITH HIS MAIL

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Postmaster General. In view of his replies to the Leader of Her Majesty's Loyal Opposition and to the hon. member for Brandon-Souris I should like to ask one simple question. Why is he permitting the security service to tamper with my mail?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, with reference to the hon. gentleman, I understand that he was in communication with the press this morning and he gave some background details of that particular intervention. As I understand it his letter was addressed to—or a letter was addressed to the hon. gentleman at his House of Commons address. Unfortunately, through some error—undoubtedly not an error in the post office—it was misdirected to Government House. At that point, as I understand it, the hon. gentleman has said it was opened at Government House. This is my understanding, Mr. Speaker, but if that is not the case I stand to be corrected. In any event, it is a particular instance. I would need, evidently, some additional information from the hon. member if he is to expect an adequate reply.

Mr. Crouse: Mr. Speaker, a supplementary question. At no time did I indicate the letter was opened at Government House. For the information of this House the letter was clearly addressed to me as a member of parliament and stamped by Government House as well as by the technical unit of the RCMP. I should like to ask the Postmaster General, in view of the fact that under the Post Office Act every person is guilty of an indictable offence who unlawfully opens letters or articles of mail, why was a letter, if the first answer was correct that it was done in error—why was a letter containing a simple request opened and inspected as stamped August 9, 1977 and August 10, 1977, a process which, I am told, is in effect since 1972? Why was this course followed?

Mr. Blais: Mr. Speaker, again it is a specific instance—

Some hon. Members: Oh, oh!

Mr. Blais: Surely the hon. members cannot expect me to provide them with a reply on something that it has taken him two shots at posing a question to me.

Some hon. Members: Oh, oh!

Mr. Blais: There are things I cannot be expected to know. Evidently the question asked indicates there are details that need further investigation. I undertook to the hon. gentleman to provide that additional investigation and provide him as well as other members with a complete explanation of the incident.

ALLEGATION BY MEMBER OF TAMPERING WITH HIS MAIL

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I, too, rise on a question to the Postmaster General. They may think this very amusing on the other side, but I, too, have a letter that was addressed to my office and was inspected by the RCMP on August 18, 1977. I want to know why my mail was tampered with?

Mr. Speaker: Order, please. I think there is a temptation here to relate specific incidents. I have given some latitude to raising these in the general context. However, we have to carefully avoid the use of the question period to explore specific questions of this sort particularly if they have been outstanding for sometime as they appear to be.

An hon. Member: He is a slow reader.

* * *

● (1442)

[*Translation*]

SOCIAL SECURITY

POSSIBILITY OF REDUCING FAMILY ALLOWANCE—GOVERNMENT POSITION

Mr. Eudore Allard (Rimouski): Mr. Speaker, I should like to put a question to the President of the Treasury Board.

Yesterday I asked him, as reported in *Hansard* on page 632, if the minister could enlarge on the statement he made in September 1977 to the effect that he was going to decrease family allowances but he replied that he had made no such statement.

Now, Mr. Speaker, in the daily *La Presse* of September 22, 1977, the following is clearly stated and I quote:

Treasury Board President Robert Andras has suggested that family allowances might be reduced next year.

Now, Mr. Speaker, could the minister give a few details on the matter?

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member's question as translated to me the day before yesterday appeared to indicate he was asking me if I was relating some hypothetical action with regard to family allowances to the servicing of the public debt. I made no such statement. I am not quite sure what variation on that question the hon. member is implying now.

[*Translation*]

Mr. Allard: Mr. Speaker, I will merely say to the minister that if he would like me to do so, I could send him a copy of that article published in *La Presse* concerning his statement.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR ASSURANCE MAIL FOR LAYCRAFT COMMISSION AND OTHER INDIVIDUALS NOT INTERCEPTED

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General. It is further to one I asked of him on October 31 when I inquired about the possible means of surveillance, including mail interception, with respect to the Laycraft commission of inquiry. I think the Solicitor General will remember this. With reference to the latest number of reports that have been dealt with, has he anything further to add to his answer or has he made any further inquiries?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I am not quite sure what the hon. member referred to in the question he previously asked me concerning the Laycraft inquiry. Perhaps he could refresh my memory.

Mr. MacKay: Yes, Mr. Speaker, I will be glad to do that. It was on October 31, page 424 of *Hansard*. It was further to a question raised by the hon. member for New Westminster. I asked the Solicitor General at that time whether he could give us an unequivocal assurance that among any other possible methods of surveillance of the Laycraft commission that mail interception was not used. At that time he gave me a very substantial answer to the effect that to the best of his knowledge this was not the case. I was wondering now in view of some of the other matters that have been raised if he could expand his answer and give us the same kind of assurance, particularly to the rest of Canadians, and not restrict it only to the members of the Laycraft commission of inquiry. Has he asked about this?

[Mr. Allard.]

Mr. Fox: Mr. Speaker, on the question of the Laycraft inquiry, I do not recall the hon. member's reference to the mail being intercepted in connection with the attorney general, the solicitor general of Alberta or the Laycraft inquiry itself. In that regard, my answer would remain the same. However, on the more general question, I assume he is referring to the CBC news report last night concerning possible interception of the mail by the RCMP security service, I understand under the code name "cathedral". I had the opportunity of checking into the matter with senior officers of the force this morning and asked questions concerning the code name "cathedral". The code name "cathedral" goes back to 1954. In some instances, after my examination of the files with senior officers of the Crown, it clearly happened that the mail has actually been opened by the RCMP security service. Because of that, I referred the whole matter to the Attorney General of Canada and also to the McDonald royal commission of inquiry.

Some hon. Members: Hear, hear!

POSSIBILITY NDP WAS OBJECT OF SECURITY CHECK

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I thank the minister for his answer and assure him that if he checks in *Hansard*, my question indeed was specific on mail surveillance. I want to ask a related question on the matter of surveillance in general. Further to reports that Daniel Celovosky was perhaps the victim of security considerations when he was discharged from a militia unit and further to current reports in the *Globe and Mail* that this may have been as a result of the surveillance that was alleged on behalf of or toward the NDP, the federal members and staff, of which one was his father, can the Solicitor General give us any assurance, or if not will he look into this case to make certain that the NDP was not targeted by the RCMP or the security service in any way that would smack of interference with a legitimate political party.

Hon. Francis Fox (Solicitor General): Mr. Speaker, as far as the question of security clearance of an individual is concerned, if he was dismissed from a militia unit, I assume that the proper person to ask a question of would be the Minister of National Defence. We have always stated in connection with the surveillance of political parties the security service does not have a mandate to systematically survey any legitimate political party.

MINISTER'S KNOWLEDGE OF PRACTICE OF INTERCEPTING MAIL

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a question for the Solicitor General. It is with reference to the answer he gave my colleague, the hon. member for Central Nova. I believe the Solicitor General said the matter of postal mail interception has been referred to the royal commission. In all the briefings he has bragged about so eloquently, did he never know that the RCMP may have infiltrated the post office? If that is not the case, did he never ask the security officers briefing him, are you or are you not contrary to the

law intercepting and reading mail? Did it never occur to him to ask that question?

Hon. Francis Fox (Solicitor General): Yes, Mr. Speaker, I repeatedly asked the RCMP, particularly during the course of the preparation of my statement concerning the APLQ break-in, whether there were any other illegal incidents that ought to be brought to my attention and the answer was no.

Mr. Jarvis: Will the minister please answer the question. Did he ever ask specifically whether security officers were intercepting mail? That is not a general question.

Mr. Fox: Mr. Speaker, during the course of my mandate, I gave specific instructions to the RCMP when I came across the APLQ file. As far as I am concerned, all operations of the force were to be carried out within the framework of the law.

* * *

RESOURCES

PROPOSED COMMITTEE INVESTIGATION OF MINING SECTOR

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, keeping in mind that recent lay-offs at INCO, Noranda, Alcan, Falconbridge and so on indicate a total lack by those elected to govern this country of any kind of planning and developing the non-renewable mineral resources in Canada, and in view of the fact that weaker nickel markets, investment abroad and a lack of planning of the mining companies and the government have resulted in some 3,000 to 4,000 people being laid off with another 3,000 in six months time, can the Acting Prime Minister advise if this government is now prepared to order a parliamentary investigation into the mineral resource sector of this country with a view to developing an industrial strategy so that Canadians can be assured that their resources will develop with their interest uppermost?

Hon. John C. Munro (Acting Prime Minister): Mr. Speaker, with reference to the preamble of the hon. member's question, he should be aware that the government is endeavouring to stimulate the economy so that situations such as INCO will not repeat themselves. I remind hon. members of tax reductions costing in the area of $500 million to $700 million. Add to that in the full year next year about $1,200 million. Add the $450 million now in direct job creation plus another $150 million, plus $100 million going to an employment incentives scheme of the Minister of Finance. This will have considerable impact in stimulating consumer purchasing which will help avoid some of the situations the hon. member is referring to and I believe exaggerating.

Some hon. Members: Hear, hear!

SUGGESTED WITHDRAWAL OF TAX CONCESSIONS FROM NICKEL AND COPPER MINING INDUSTRIES—GOVERNMENT POSITION

Mr. John Rodriguez (Nickel Belt): On October 24, page 157 of *Hansard* the Acting Prime Minister, the Minister of Labour, told this House that the Canadian government would not agree to stockpiling nickel because, and I quote:

> Increased expenditures or incentives to further increase those stockpiles seem to be putting off the day when we can get this industry back into a healthy condition to guarantee jobs for people who are unemployed.

In view of the Acting Prime Minister's comments that any such assistance would be of no value, can he now tell this House if he would be prepared to withdraw all federal tax concessions from the nickel and copper mining industries, including the $10 million in the most recent budget? Is he prepared to withdraw all those tax concessions at this point?

Mr. Speaker: Order, please. The representation is clearly that, not a question. In any case, the answer I am sure will be the usual one related to budgetary disclosures.

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NATIONAL SECURITY

REASON FOR DELAY IN PUTTING SECURITY SERVICE UNDER CIVILIAN CONTROL

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Justice. Considering action by both the United States Congress and administration to bring United States security surveillance under proper—I underline the word proper—civilian control, considering the open forthrightness displayed by these two wings of government south of the border in relation to the problem, can the minister explain his government's reluctance at the present time, in view of what is going on, to be equally as forthright with the Canadian people and to give the whole problem similar leadership.

● (1452)

Hon. Ron Basford (Minister of Justice): It seems to me that that is precisely what the inquiry under the chairmanship of Judge McDonald is all about. Apart from having the power to inquire into specific instances of acts committed by officers in the course of investigations which are contrary to the law, the commission is specifically authorized to recommend policies and procedures which should govern the operation of the security services. It would seem to me that the RCMP and its officers are entitled to have that kind of impartial and judicious hearing which will be a matter of public record and which will result in recommendation to the government and to parliament as to what the policy and the law should be.

Mr. Grafftey: My supplementary is this: How many times must the civil liberties of individual Canadians be put down, so to speak, before the government gets a lever on this thing by taking action comparable to what is going on under the United States committee system or with what is being done by the administration and by Congress? Does the minister not agree that what is going on under the government in terms of getting a lever on this situation is too little and too late—that it will be too long before action will be forthcoming?

Mr. Speaker: The hon. member for Northumberland-Durham.

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ROYAL CANADIAN MOUNTED POLICE

INQUIRIES BY MINISTER CONCERNING TAMPERING WITH MAIL BY SECURITY SERVICE—TYPES OF CASES INVOLVED

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is to the Solicitor General. I am addressing it to him in order to give him an opportunity to clarify what he said a little while ago. Regardless of what he has referred to the McDonald Commission, or when he referred to the McDonald Commission, both of which questions are very vague, in view of the serious allegations, allegations which if true are intolerable in this nation, made last night on national television and again this morning in the national media, can the minister please tell me whether he asked his officials this morning whether they knew of any circumstances whatever involving tampering with Her Majesty's mails in Canada.

Hon. Francis Fox (Solicitor General): Yes, Mr. Speaker.

Mr. Lawrence: My supplementary, in the light of that very full answer, is this: Just what was the reply the Solicitor General received from his officials when I suspect he knows and certainly his officials know, that there have been previous instances brought to the floor of this House by members at which time his predecessors simply evaded the same type of question as he is answering here today.

Mr. Fox: I find it difficult to accept the hon. member's conclusion that I evaded the question put to me by the hon. member for Central Nova. I indicated clearly that I sat down with senior officials of the force this morning, asked them to produce their files, asked them a number of questions on procedural operations and it became very clear to me during the course of that meeting that there had been indeed a number of instances in which the security service of the RCMP in particular areas of counterespionage, terrorism and countersubversion opened a number of pieces of mail. I also told the hon. member that as far as the RCMP files show, this type of procedure goes back to 1954.

Mr. Lawrence: Bearing in mind that the RCMP themselves have publicly admitted that they have absolutely no authority to do that at all, is the minister telling us now that as the minister responsible he is assuring the House that this has only been done in cases of alleged terrorism or alleged bombing or counterespionage. Is he saying that these four types of cases are the only ones which have been reported to him.

Mr. Fox: As the hon. member knows, this matter came to light only last night. I do not think our examination of the whole matter is complete. The initial response I have had from the force, the initial breakdown of the cases which have occurred, is to the effect that they all come under the classification of counterespionage, countersubversion and terrorism. As far as the government is concerned, no matter what heading it comes under it is not authorized either by the Official Secrets Act or the Post Office Act and in these circumstances we feel the matter has to be referred to the commission of inquiry set up by the federal government in view of the fact that mail has been opened and we wish to apprise the royal commission of the circumstances in which the mail was opened. Hopefully, the royal commission will have some suggestions to make as a result of that very serious presentation.

An hon. Member: Another illegality.

* * *

EXTERNAL AFFAIRS

MEASURES TO AID EMPLOYEES AFFECTED BY CHANGE IN VALUE OF CANADIAN DOLLAR

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. What steps if any, other than prayer, has the government taken to help Canadians serving abroad in the employment of Canada who are affected by the changes in the fortunes of the Canadian dollar.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I would be the last to question the efficacy of prayer, but apart from that we are examining each individual case; we do have certain formulas in place on a continuing basis to deal with fluctuations in currency values. Just last week, for instance, there were quite substantial changes in Israel. We look at these cases individually as they come along and do our best to accommodate our people to them. I should point out that they also, on occasion, benefit when currency values move in the opposite direction.

Mr. McCleave: I think I shall have to make a late show appointment. I really have in mind the situation in Washington.

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[*Translation*]

MANPOWER

REASON APPROVAL OF CERTAIN CANADA WORKS PROJECTS DELAYED

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, I would like to direct a question to the Minister of Employment and Immigration. Since most Canada Works projects in provinces other than Quebec have already been accepted in more than 85 per cent of cases, could the minister tell the House why such a long delay is required this year to consider projects submitted to the Quebec government?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, last week several members asked me the reason for this situation and I decided that the approval

procedure had to be hastened. I think that 80 to 90 per cent of the projects have already been accepted.

* * *

[*English*]

GRAIN

POSSIBILITY OF INCREASE IN PRICE OF WHEAT SOLD FOR DOMESTIC CONSUMPTION

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question, if I can wake him up, is for the Minister of Agriculture.

An hon. Member: Cheap!

Mr. Nystrom: It goes to him in the absence of his friend, the Minister in charge of the Canadian Wheat Board. It is now four years since the minimum price for wheat sold for domestic consumption was set at $3.25 a bushel and it is several months since his friend the Minister in charge of the Canadian Wheat Board said this price was being reviewed by the cabinet with a view to its upward adjustment. Can the hon. gentleman now assure us that the hard-pressed farmers will receive an increase in the price of the wheat they sell for domestic consumption?

Hon. E. F. Whelan (Minister of Agriculture): I am not in a position to give the hon. member the assurance he seeks because no decision has yet been taken. I want to assure him however, that even asleep I am as bright as he is, wide awake.

Some hon. Members: Oh, oh!

Mr. Nystrom: Can the minister assure that any increase in the price of wheat in this country will reflect at least the cost of production which the farmers have encountered in the last four years? Further, can he tell us when an announcement will be forthcoming?

Mr. Whelan: With the Western Grain Stabilization Act, crop insurance and so on, the grain producers of western Canada are better taken care of than any group of cereal producers I know of anywhere. I work very closely with the Minister in charge of the Canadian Wheat Board and I know he is as concerned as we are to look after the interests of western Canadian farmers as well as of Canadian consumers.

* * *

POST OFFICE

REQUEST FOR ASSURANCE SURVEILLANCE OF MAIL NOT PERMITTED

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is for the Postmaster General who in response earlier to questions by the Leader of the Opposition and by my hon. friend from Brandon-Souris left the distinct impression that there had been no interference, legal or otherwise, with the mail except in one particular case which had been disclosed. We look to the minister for very little, but we do look to him to protect the mail and I ask him whether he will check to satisfy himself that there has been no interference by any security service, including his own staff. We have all these revelations by the Solicitor General that there has been illegal interference. I ask the minister to satisfy himself and report to the House so that we may know in this country that there is not going to be government surveillance of the mail.

Hon. J.-J. Blais (Postmaster General): I hasten to give the hon. gentleman that assurance. I take my responsibilities very seriously and section 43 of the Post Office Act is very clear. The information the hon. gentleman brought to my attention through his leader arose out of a program which was broadcast last night. I have conducted an investigation with my head of security and investigation at this time, and I have received the reply that there has been no departure from the policy I have described. I am not responsible for the RCMP.

• (1502)

Some hon. Members: Oh, oh!

Mr. Blais: I have said quite clearly that I have conducted an investigation in my department with my officials, and I have been advised as I stated earlier in the House.

Mr. Hnatyshyn: A supplementary question, Mr. Speaker. It is an incredible proposition that the Postmaster General puts before us today. Is he telling the House that the Solicitor General did not have the courtesy to tell him about the illegal interceptions of mail on the part of the RCM Police; and is he also saying that he has no responsibility to deal with other security services as the protector of the public mails? Is he saying that he has no responsibility in this regard?

Mr. Blais: I have the responsibility, Mr. Speaker, of making sure that the provisions of the Post Office Act are honoured. I am taking that responsibility. I have indicated to the hon. gentleman that I have conducted a preliminary investigation with the head of my security and investigation department this morning. I have also undertaken to the hon. gentleman to pursue these investigations and to provide to the House any information that might come to my attention in the normal course.

Mr. Hnatyshyn: A final supplementary question, Mr. Speaker. I put a very simple question to the Postmaster General. I want to know whether he will first undertake to speak to his cabinet colleagues to ensure that there is no unlawful interference with the mails; and will he not now undertake to make a statement on motions at the earliest possible date on his findings in regard to interference with the mails of this country?

Mr. Blais: Mr. Speaker, I have indicated to the hon. gentleman that I will be pursuing the matter, that indeed I have had a preliminary investigation conducted by the head of security. I have told him that there is no information other than what I

have provided to the House at this time. I have also indicated to the hon. gentleman that I will be pursuing the investigations and that I am conscious of my responsibilities under the Post Office Act. Now, Mr. Speaker, there is no doubt in my mind—and the hon. gentleman has stated this quite clearly—that in my investigations there will, of course, have to be a great deal of interplay as between the Solicitor General and myself. This is exactly the course of action which I propose to pursue.

* * *

Mr. Speaker: Order, please. Yesterday on a point of order respecting the tabling of documents we dealt with a point concerning a document which was referred to by the right hon. Prime Minister (Mr. Trudeau) during an intervention a few days ago. He indicated that he had quoted from a document which, in his view, was a public document and that he was prepared to table it if the chair saw no objection. I have, on reflection, concluded that ought not to be an impediment to tabling a public document in the House. I see no impediment, and if the Prime Minister is prepared to table it, the tabling will take place at the earliest possible opportunity.

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PRIVILEGE

MISS BÉGIN—REMARKS MADE AT CARLETON UNIVERSITY

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, in view of the comments I made in this House yesterday on a question of privilege, and reports in the media of remarks I made at a luncheon discussion with students at Carleton University last Wednesday, November 2, I should like to clarify my position in the debate which has occupied the attention of members.

[*Translation*]

I was the guest of Carleton University students at the Roosters, at lunch time on Wednesday last, November 2. Two months ago, I had accepted this invitation to talk about national unity and discuss this subject with the students.

The first questions asked were about the RCMP. I answered them as honestly as possible, as indeed I did all other questions.

[*English*]

In particular today I should like to take the strongest exception to remarks made by the Leader of the New Democratic Party (Mr. Broadbent) yesterday, as reported at page 692 of *Hansard*. I regret just having received a note from him, to my extreme surprise since he does not usually consult or inform me, saying that he had to leave to catch a flight. He had this to say:

> We on this side of the House could document the allegation of a cover-up, and apart from points we on this side of the House would make, the Minister of National Health and Welfare has provided the best possible argument by saying, as a member of the cabinet, that she thinks they were ignoring their responsibility. I would say that she thinks they were involved in a cover-up in burying their own essential role in this whole mess.
>
> [Mr. Blais.]

First of all, I wish to restate with as much emphasis as I command that I fully support the action of the Solicitor General (Mr. Fox) and the Prime Minister (Mr. Trudeau) in dealing with allegations of illegal activities by some members of the RCMP. They have clearly stated that this government does not condone illegal acts on the part of citizens or the police. When such acts came to light, not only were they reported to this House by the Solicitor General, but the cases were referred to the proper provincial authorities, and also to the royal commission which was appointed for the purpose of such investigations.

Some of the university students themselves have suggested on the radio this morning that the comments made by myself, which have appeared in the media, have been taken out of the context of the meeting and have become, in their words, a tempest in a teapot. Indeed, the organizers of the meeting have dissociated themselves from the report which appeared in the university newspaper, *The Charlatan*, and have sent me a telegram to that effect.

The occasion was a very informal exchange of views, and there was certainly no question of my "lashing out" at either the Solicitor General or the Prime Minister. Indeed, the very comment I made concerning illegal acts is one that has been made repeatedly in recent days by the Solicitor General, and I support him.

[*Translation*]

On the other hand, to abstain from criticizing a fellow-member of the cabinet is so elementary one need not dwell on the point.

I therefore want to repeat, Mr. Speaker, that I support wholeheartedly the work and the stands of the Solicitor General (Mr. Fox) whose competence, everyone knows, is undeniable.

[*English*]

In trying to put questions in my own personal perspective during the Carleton luncheon, I turned my mind back to the context of 1973 as I saw it when I was a private member. Perhaps such recollections are denied cabinet minister. If I have overstepped practices either for a cabinet member or for this House, I of course do not hesitate to express my regrets. I have no intention of misleading the House, but rather wished to place the correct interpretation on the thoughts I expressed at Carleton a week ago and in press interviews yesterday. I was speaking from recollection of an informal meeting of some length. Unfortunately, I was not allowed by a commentator of Carleton Radio-News to confirm my recollection with a tape of my remarks. The tape, I understand, has been made available to the media.

Since a member opposite asked me a few minutes ago a question based on the supposed transcript of my remarks, which the hon. member for Calgary Centre (Mr. Andre) has just given me, a short text which I have seen for the first time, an unidentified object consisting of five pages even though I talked for an hour and a half, I should like to put the record straight.

● (1512)

[*Translation*]

As soon as I learned last Monday that what I had said was controversial, my office phoned the students at Carleton for a copy of the tapes made in front of me. The students informed us that one of those tapes had been erased and that, in the case of the other, the recorder had not worked. I therefore pursued the matter as best I could remember until I learned late yesterday that the commentator in question had tapes which he had given the media. We then asked the commentator if he would agree to letting me hear copy of the tape, which he refused to do.

I should add that this morning, following the many statements made by Carleton students over the station Radio-Carleton, the commentator called my office offering the tape which he said was not complete. It reached us barely a few hours ago and I have yet to hear it.

[*English*]

Further, Mr. Speaker, it is rather surprising that the tape, made eight days ago, would be used only now for three quotes out of context heavily biased by commentary, and reproduced for the first time, I think, by the CBC with only one excerpt. It is easy to see how such techniques make a mouse look like an elephant, and no professional journalist would do that.

This whole operation tended to discredit the judgment of the students present at the Roosters discussions who did not interpret my opinions and my remarks in any such distorted way.

[*Translation*]

The shame of the matter, Mr. Speaker, if I may say so, is that none of the participants in that operation dealt with the problem I was discussing, namely the relations that must exist between the government and the police in charge of national security in democratic countries. Instead, the leader of the New Democratic Party (Mr. Broadbent) tried to stir up trouble between friends and colleagues of the cabinet. He should know that this old trick does not work.

There was a time when many of us who do not share the philosophy of the New Democratic Party still recognized that the leaders of that party—the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) or their former leader, Mr. Lewis—had accustomed this House and this country to a standard of honesty which won them votes if not personal admiration. If this feeling remains true for some hon. members, unfortunately I cannot say so for their present leader.

[*English*]

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I do not intend to take a great deal of time intervening in this debate on the question of privilege raised by the minister. I must say that I very much regret having to be involved in the debate at all, but I think there have been some statements by the minister which raise very real questions about the policy of the Government of Canada, who speaks for the government, and what is the precise attitude of the government.

It would be perhaps helpful, sir, to read into the record briefly some of the things in the transcript of the recording of the Minister of National Health and Welfare (Miss Bégin). She said at one point, referring to the Solicitor General (Mr. Fox):

—I think Francis Fox should clearly state—give the message—that he disagrees with what the police did. More than defending them or explaining that they might have had good reason.

Sir, I leave it to readers of the records as to whether or not—

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, I am asked by one of the defenders on the other side whether I can prove that this is precisely what the minister said. If the minister believes it is not what she said, then of course it is within her rights to stand up and let that be known. Until the minister does take that position we must assume that the words are her words.

An hon. Member: You should have listened to her.

Some hon. Members: Oh, oh!

Mr. Clark: I would like to leave to the readers of the record the final conclusion, Sir, as to whether these statements by the Minister of National Health and Welfare, indicating that the Solicitor General should follow a course other than the course he followed, constitutes a disagreement that is serious between ministers.

Perhaps of greater consequence to me are other aspects in the statements by the minister, a member of the cabinet. One of these relates to the RCMP and the relation of that force to the Government of Canada, and the other relates to a question of the climate that prevailed in Canada at the time of certain acts which we now know to be illegal.

Let me deal first with the question relating to the relationship of the RCMP to the government. Perhaps the best way I can deal with this, and it raises the question I tried to put to the Acting Prime Minister (Mr. Munro) earlier, as to whether he was speaking on behalf of the government, as did my colleague, the hon. member for Kingston and the Islands (Miss MacDonald), is to quote the minister.

In relation to the RCMP the minister said, and I will read the entirety of the quotation, and perhaps I should say it will be clear from the quotation that the minister was speaking without notes and was not reading from a direct text:

—they have gadgets of national security, of surveillance, so big that they, if you, the government, start trying to control them or master what goes on or look into the files—you know, say you, the Minister sets a meeting of the directors and wants to see files and all that he doesn't know—and none of us know—what's the next step because they can be using—that's my feeling—they can be using gadgets the way they want.

At this point I would emphasize that the word "they" refers to the RCMP. The minister said:

—that's my feeling—they can be using gadgets the way they want. They can be bugging you.

In other words, the minister is accusing the RCMP of potentially bugging ministers of the Crown. She continued:

First thing you know, there's a leak, in newspapers, and then its members of parliament on both sides of the House whose private lives are going to be questioned. That approach I don't think is the job of the RCMP, or of any police. Eh, bon. That's all for the RCMP.

The matter we want to know about, Mr. Speaker, and I think this is a legitimate question for this House of Commons, is whether, when expressing such opinions about the RCMP, saying they can be using gadgets where they want and can be bugging you, the Minister of National Health and Welfare, as a member of the cabinet of the Government of Canada, was expressing the view of the government as to the power of the RCMP and the degree to which the RCMP operates free from control by the Government of Canada. This is a very important matter to the House, particularly in relation to the debate which has been occupying this place for the last several days.

The other matter which is of very real concern to us, and has reference also to the question of the policy of the government and what has lead the government to take positions it has taken, and I would quote again from the minister who says—

An hon. Member: From what are you quoting?

Mr. Clark: I quote again from the transcript of the recording of a speech the minister made to the students at Carleton University.

An hon. Member: That's not true. It is a phony one.

Mr. Clark: As I have said, if the minister believes that these statements do not correctly reflect her words, she has the right to get up—

An hon. Member: She has already done so.

Mr. Clark: She has the right to get up and say it is wrong.

Mr. Ouellet: You should just listen.

Mr. Clark: Mr. Speaker, we hear a great deal from the Minister of State for Urban Affairs (Mr. Ouellet) who usually communicates by telephone, but who is instead now heckling from across the floor of the House.

Let me just read this portion of what was said by a minister of the Crown for Canada, involving a matter which raises a question regarding the policy of the government, and I put it in context with something said by her on the subject. The minister said:

Of course, as a Quebecer, I must say as a lay person—

She made that distinction. She said:

—I must say as a lay person—I was not a member of the cabinet at that time—that when they did that—these various actions in early 1975—there is no way somebody is going to tell me that as a Quebecer there was a state of national emergency somewhere in Quebec and some threats to God-knows-what. I never perceived anything like that.

[Mr. Clark.]

• (1522)

My colleagues suggest I should carry on. It continues:

If that was the threats, the mentality of the beginning of 1973, what they would have done since the 15th of November last year, they might have bugged the complete province of Quebec. So that's all for the RCMP.

What is important is that we have the words of one minister of the Crown regarding the climate at the time of the illegal acts. We have also the careful, deliberate, prepared statement by the Solicitor General in this House of Commons on the afternoon of October 28, 1977. On that occasion the Solicitor General said that the illegal activities were carried out in the absolute conviction that its sole object was to promote the security of Canada, given the political and social climate prevailing in 1973.

On the one hand we have the Solicitor General saying that the political and social climate prevailing in 1973 was of a nature which would cause illegal acts to be performed. On the other hand, within a matter of two weeks, we have another minister, the Solicitor General's seatmate, saying that as far as she is concerned, as a member of the cabinet and as a member of the House of Commons who presumably knew what her colleague said on behalf of the government when he made his speech on October 28, she disagrees completely with the question as to the climate in Quebec at that time.

This is important because it has to do with the atmosphere within which members of the security service would have interpreted and acted upon directions from the Government of Canada that led to the accomplishment of illegal acts. That is particularly important because one of the matters we want to determine in this House is just what the roles of the ministers were, and the degree of direction which was given by ministers of the Crown that caused members of the security service to commit illegal acts.

Frequently the Prime Minister (Mr. Trudeau) has intervened in this matter. We have the Solicitor General and the Prime Minister saying that these illegal acts occurred because there was an unusual climate in Quebec during that period, and we have another minister saying that there was no such unusual climate in Quebec during that period.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on behalf of the hon. member for Oshawa-Whitby (Mr. Broadbent), I extend to the House his apologies. He had an engagement outside of the House which made it necessary for him to leave about 2.30 p.m. However, since the Minister of National Health and Welfare (Miss Bégin) has based her question of privilege on remarks made yesterday by the hon. member for Oshawa-Whitby, I think I should say at least a few words in reply.

The minister's complaint against the hon. member for Oshawa-Whitby yesterday was that his allegations were without any foundation. May I point out that, when my leader raised the matter yesterday, he had before him a copy of an article which appeared in *The Charlatan*, the newspaper of the

students of Carleton University, and his remarks were based on what appeared in that article.

In addition to that, we now have the tapes which were played on the CBC this morning, and we have a transcript of those remarks. I have a transcript in my hand, as did the Leader of the Opposition (Mr. Clark). I think one or two of the sentences he referred to can be quoted again, just to support the position taken yesterday by the hon. member for Oshawa-Whitby that the Minister of National Health and Welfare had demonstrated a difference of opinion between herself and the Solicitor General on the issues that are at stake.

For example, according to the transcript of her words that we heard on the radio this morning, she said:

> ... I think Francis Fox should clearly state—give the message—that he disagrees with what the police did, more than defending them or explaining that they might have had good reason.

Sir, if that is not differing with the Solicitor General, I do not know what the word "difference" means. At the conclusion of the comments by the Leader of the Opposition, he referred to the mentality or the state of opinion in Quebec in 1973. We were asked by the Solicitor General to be generous and forgiving to the RCMP because of the state which existed at that time. The Minister of National Health and Welfare, in her remarks at Carleton University, indicated that as a Quebecer she disagrees with what was said to be the state at that time, and if they had carried that on, "they might have bugged the complete province of Quebec".

I should like to return to the earlier remarks of the minister in the transcript of what was given over the radio this morning. The minister said this:

> I think it is absolutely stupid that they would go and steal lists of memberships of political parties, in this case the Parti Québécois. And I find unreal that they would put fire to a barn.

Surely that is an opinion totally different than that expressed by the Solicitor General, who has argued that we should understand the situation—

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Just a minute! The Solicitor General said that we should realize that the things done by the RCMP special unit were done from the highest of motives because of the situation. But the Minister of National Health and Welfare said the following:

> This being said, they have gadgets of national security, of surveillance, so big that they, if you, the government, start trying to control them or master what goes on or look into the files—you know, say you, the Minister sets a meeting of the directors and wants to see files and all that he doesn't know—and none of us know—what's the next step because they can be using—that's my feeling—they can be using gadgets the way they want.

We happen to agree with the sentiments expressed by the Minister of National Health and Welfare.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): My point in rising—and I think it is my duty, as well as my right to do so—is to say that it is unfair to charge the hon. member for Oshawa-Whitby in his remarks yesterday of making statements for which there was no foundation.

Yesterday my hon. friend said that the logic of all this was that there was a cover-up—he did not accuse the hon. minister of alleging that there was a cover-up—but, I submit that the very sentences I have read from the transcript of what we heard over the radio this morning suggest that the minister felt, when she was making these remarks, that the Solicitor General was not really doing his job; he was just being a messenger boy; and instead of defending the police, and instead of saying what they had done had good reason and good purpose, he should have told them that it was stupid and that it was wrong.

I feel my leader was quite justified in the remarks he made yesterday and that the minister's charge against him is unwarranted. In conclusion, I should like to refer to the last words in the transcript which I have, where the minister said, "Eh, bon. That's all for the RCMP."

I am sure Your Honour noted, because Your Honour always does when a member raises a question of privilege, that the hon. minister offered no motion. If she has a question of privilege, she should be prepared to carry it through. If she is prepared to ask leave to present a motion to refer this matter to the Standing Committee on Privileges and Elections, so that the tapes can be produced and the entire matter can be gone into, we in this party would be happy to agree to such a motion.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. Minister of National Health and Welfare (Miss Bégin) was quoted by the hon. member for Oshawa-Whitby (Mr. Broadbent). The argument which was established yesterday by the hon. member for Oshawa-Whitby was itself incidental to an argument which many members claimed in the first instance was an incidental argument by the Prime Minister (Mr. Trudeau).

● (1532)

When the Prime Minister was replying to a question of privilege, he in turn expressed an opinion in the House which was similar to other opinions expressed by other hon. members. That was referred to by many and described as an argument which was really incidental to the main question of privilege. In turn the hon. member for Oshawa-Whitby said that those opinions were not being expressed by the opposition solely on the basis of their own views, but in fact on the basis of some views expressed by the Minister of National Health and Welfare (Miss Bégin). Therefore the question was twice removed from the main question of privilege under argument yesterday.

In this case, because of that, the Minister of National Health and Welfare was given the floor today on a question of privilege, as is always the case when remarks made by a minister or by a member of the House have been quoted in the press and misinterpreted. The minister or the member is

always given the opportunity to make an application to make the difference of opinion or difference of interpretation involved, known. When that is put forward it seems only just that equal contributions ought to be made from the other side. That has been done.

It is not essentially a question of privilege; it is a question of disagreement and interpretation. Furthermore, it has been contributed to by two members of the opposition at considerable length, and it seems to me that the matter, which does not in the first instance constitute a question of privilege, ought to close.

MR. BAKER (GRENVILLE-CARLETON)—TAPE RECORDINGS OF MINISTER'S REMARKS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am rising, then, on what I must say is a new question of privilege. I attempted to get to my feet just as Your Honour rose, and I did not want to interrupt you. Your Honour has now dealt with the matter in such a way that it has been passed off as a matter of dispute and difference between both sides. I cannot question Your Honour's ruling but, with respect, I think it goes much further than that. Therefore I rise on a new question of privilege with respect to what the minister said.

Your Honour has heard quoted—and I am going to quote again—what has been recorded in a transcript of a recording of the minister's speech which was obtained. The tapes are available. The minister has the transcript, and it is clear. I am sure the tapes will substantiate that the minister stated a certain opinion that has been laid before this House clearly by the Leader of the Opposition (Mr. Clark) and by the hon. member for Winnipeg North Centre (Mr. Knowles). However, the opposite is true in terms of her statement yesterday. I think we have to put this in the context of her statements here in the House as a member of parliament who, incidentally, is a minister of the Crown.

The minister yesterday stated the following:

> . . . I need only add that I have always supported the work and actions—particularly with regard to the current parliamentary crisist . . .

How can that possibly be squared with what the minister said at Carleton University? It is on the record. Then the minister said:

> . . . and, naturally, the right hon. Prime Minister of Canada (Mr. Trudeau). Even now, in my office, I am in the process of writing a telegram to the newspapers the Toronto *Sun* and *The Charlatan* setting the record straight.

That is what the minister said she was in the process of doing. If Your Honour wishes, I can read the whole statement. I do not think I have to, but there is an absolute difference between the position the minister took at Carleton University, which has been recorded, and the position she took yesterday in the House of Commons.

Mr. Speaker: Order, please. I will let the hon. member for Grenville-Carleton (Mr. Baker) go on in a minute. There are others who wish to contribute to the point. I will hear the acting Prime Minister, who is prepared to make a contribution as well. However, the hon. member for Grenville-Carleton must be able to persuade me that a prima facie question of privilege exists. What he has just said may be true, upon which I would be prepared to hear argument; but supposing there is a direct contradiction between what the minister said at Carleton University and what she said in the House does that constitute a question of privilege?

[Mr. Speaker.]

Mr. Baker (Grenville-Carleton): I appreciate your intervention, Mr. Speaker, but what the minister said of the Leader of the New Democratic Party (Mr. Broadbent) had to do with what he said regarding her statement at Carleton University. She said that the hon. member had made unfounded serious allegations. That is in the paragraph preceding what I have already read. I was just coming to that before Your Honour rose. It is at page 692 of *Hansard*. I do not know how that can be squared with what the minister said at Carleton University. I do not think this can be brushed off gently as an issue simply to be contributed to by both sides.

Some hon. Members: Oh, oh!

An hon. Member: This is an abuse of the House.

Mr. Baker (Grenville-Carleton): I am sorry, Mr. Speaker, but I cannot talk over the din from the other side.

I think this matter is important on another ground. The minister is a member of this parliament. If the minister has been wronged by *The Charlatan* at Carleton, which she claims she has been, then she and other members of parliament have the right to have the matter cleared. If the transcript of the statement, alleged to have been made from the taping of the voice of a minister of the Crown, is not a true record of what the minister said, or if the voice on the tape is not that of the minister, who is a member of this House, then that member ought to be given the benefit of the doubt and every opportunity to clear herself.

Therefore, in view of the failure of the minister to move a motion, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

> That the question of privilege raised by the Minister of National Health and Welfare be referred to the Standing Committee on Privileges and Elections.

I do this so that the matter can be aired completely.

Mr. Speaker: At the outset I must indicate that I have made an adjudication on the merits of the question raised by the minister. I have previously indicated—and I will draw the precedents before finalizing—that it is not in keeping with the precedents of our House that one member can raise a question of privilege to be sent to a committee regarding the grievance of another member. That has never been done. In any case, I will reserve on the matter, examine the precedents, and rule on the present argument by the hon. member for Grenville-Carleton.

Hon. John C. Munro (Acting Prime Minister): Mr. Speaker, I should like to comment on this spurious question of privilege raised by the hon. member for Grenville-Carleton (Mr. Baker). Even if there was a contradiction between what

the Minister of National Health and Welfare (Miss Bégin) said at Carleton University and what she said yesterday, which we do not acknowledge at all, that does not constitute a question of privilege. I would be prepared to elaborate at great length.

The Leader of the Opposition (Mr. Clark) made no point at all. I thought the original point was that somehow there was a derogation of ministerial responsibility. He did not come to that conclusion even in the factual situation he laid before us, nor was that the conclusion of his remarks.

Your Honour indicated to the House leader of the Conservative party, who is supposed to have some experience with regard to the rules, that there was no question of privilege, but then the hon. member rose on another question of privilege, acknowledged the justification of Your Honour's ruling, and then proceeded to base the entire justification for his next question of privilege on the question of an alleged contradiction which was already ruled to be not a justification for a question of privilege at all.

The attempts of the hon. member for Grenville-Carleton under the guise of a question of privilege have no justification whatsoever. He read from a transcript of tapes which he knows the Minister of National Health and Welfare has not had the opportunity to hear or to test their validity. He did that to dump it all on to the record under the guise of a question of privilege for which he knows there is no justification at all.

Some hon. Members: Shame!

Mr. Munro (Hamilton East): How the hon. member can consider behaviour of that kind proper parliamentary conduct is frankly beyond me.

Mr. Speaker: With respect to the matter raised by the Minister of National Health and Welfare (Miss Bégin) I think it ought to be brought to a conclusion. I have made an adjudication on the question raised by the minister.

The hon. member for Grenville-Carleton (Mr. Baker) raised a second question of privilege which, in a preliminary way, I have indicated is always proper. I have indicated that I felt initially that, even if the contradiction he refers to is in fact established—and it is in dispute—it does not constitute privilege. However, the hon. member raised an argument which I said I would examine.

It seems to me that it is not in keeping with our practices that a grievance raised by one member can become the subject of a motion of privilege by another, and I know there is a recent precedent which deals with that. I have indicated that I will reserve on the matter, bring that precedent into the House tomorrow, and finalize the matter with a ruling at that time.

• (1542)

HOUSE OF COMMONS

INTERIM REPORT ON MATTERS OF SECURITY

Mr. Speaker: Order, please, I should like to indicate to the House at this time a further interim report on the matters of security that have been raised in the House in the recent past.

As I indicated to the House yesterday in respect of the matter involving the hon. member for Central Nova (Mr. MacKay), I had communicated to that member the contents of our preliminary investigation and asked for his response to it. This morning the hon. member for Central Nova and I met. It was his desire that the matter be pursued further. He informed me of the contents of his own examination of the circumstances and indicated his desire that the matter be carried further. He felt that the choice of an investigative force, because I had indicated that if it is to be carried further some investigative force other than our own security staff of the House of Commons would have to be used, should be left to me.

I have pursued the matter in a preliminary way with the Ottawa Police investigative force and asked for their co-operation and assistance in carrying this forward. I shall keep the House informed of the progress of that investigation.

In respect of the matter involving the office of the Leader of the Opposition (Mr. Clark), the meeting that I reported to the House yesterday did in fact take place yesterday afternoon, and at the present time, as a result of the meetings that have taken place between our officials and officials of the office of the Leader of the Opposition and their advisers, the telephone has been taken to the Bell Telephone laboratory where tests will be conducted. I expect those reports by late tomorrow, but in any case I ought to be in a position to give the House a full report on those investigations when the House resumes on Monday, bearing in mind that the House is not sitting on Friday.

* * *

[*Translation*]

Mr. La Salle: Mr. Speaker, during the oral question period, I willingly sat down after having asked a question to the Minister of National Health and Welfare (Miss Bégin). You will find that the question I wanted to ask is quite justified, Mr. Speaker. I simply wanted to know if in her statement the Minister of National Health and Welfare really said that the security service had become so strong that it could investigate in just about any field without government knowledge. If the statement was made in public, the Minister of National Health and Welfare, a cabinet minister, has shown that the government has lost control over its security service. In these circumstances and in view of the concern this will create among all Canadians, a member of cabinet is involved. If the minister did not say this, it is important for her to stand up and say so in the House, and if she said this to make the students happy, this shows a serious lack of responsibility. I therefore think that the

question I wanted to ask is important in view of the fact—my colleagues opposite may laugh, but I know that government members are not interested in this type of question. I believe that the minister is serious and honest enough—this is a question of privilege and I have the right to express my opinion—to tell the House whether she told the students that the government had lost control over its security service in view of the great means that they now have at their disposal to investigate nearly everything. If she made such a statement, we on this side of the House are perfectly entitled to be concerned and to ask, as did my colleague, that this matter be referred to the Committee on Privileges and Elections.

Mr. Speaker: Order, please. This is another contribution to the general question of privilege raised by the hon. Minister of National Health and Welfare (Miss Bégin) and the hon. member for Grenville-Carleton (Mr. Baker). For the moment, I am reserving my judgment.

[*English*]

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I thought it might be helpful to Your Honour, relative to Your Honour's interim report that you just gave on the matters relating to the hon. member for Central Nova (Mr. MacKay) and the Leader of the Opposition (Mr. Clark), to say that, as your Honour knows, the Acting Prime Minister called upon you and asked you to investigate these matters a week ago Monday, and last Thursday I pointed out the seriousness of what may be going on in these buildings. Therefore, in so far as Your Honour wants any indication from the government as to your position, it is certainly agreeable to us, and we urge that in all the circumstances the Ottawa City Police are the proper group to be called in, and we would hope that they would be.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, this is what I think is a question of privilege arising from the comments you have made in respect of the two alleged buggings here in the House of Commons, and more particularly relating to the alleged bugging device found in the offices of the Leader of the Opposition (Mr. Clark). I want to raise one point that I think is quite substantive. At page 695 of *Hansard* yesterday Your Honour is reported as stating:

> I should advise the House it is our understanding that Bell Canada will be provided with this piece of equipment to examine in their laboratories.

Yesterday I was left with the impression that they were still in the hands of some other group, whether it be the opposition, or left in the office still intact, I do not know. I think the point is very important in this sense, that if that alleged bugging device, which Bell Telephone at one time indicated was a piece of standard equipment, if in fact that diode or whatever it is technically called, has been removed from that telephone at the present time and is in the hands of someone other than the security forces of the House of Commons, it seems to me that is a very serious problem.

[Mr. La Salle.]

Mr. Speaker: Order, please. The matter is under my responsibility for investigation. There may be questions that might arise when the investigation is completed. The question which the hon. member raises at the present time may be very valid. I think it would be very dangerous, however, if on a day-to-day basis we attempt to deal with interim questions.

I have attempted to make the interim reports very brief. I could expand on them, but until the investigation is completed and I am making a final report to the House, it seems to me that we have to let the matter take its course. If I were to entertain different questions of interpretation along the way, it seems to me it would simply get too complicated to handle. I really think the right course is to follow it through. I know of a number of concerns by hon. members. I am attempting to take those into account and manage them as best I can. I really do not think, however, that we have to get into interim comments.

If, after the investigation is concluded and a report has to be made to the House, and some suggested action has to be taken, it seems to me that all phases of the investigation would then be open to comment in some way at that time. I really think it would be most complicated to attempt to open it for comment as we go along in each step. I would prefer to hold off any comments of privilege or order or anything else in that regard, until we finalize the investigation.

Mr. Cafik: Mr. Speaker, I would just say I agree with that procedure. I wanted to enter a reservation of a concern that has only come to my attention from reading *Hansard*, so that I would not be prohibited from raising that question at the appropriate time following the tabling of your report on this matter.

Mr. Speaker: The hon. member for Ottawa Centre (Mr. Poulin) on a point of order.

Mr. Poulin: Mr. Speaker, reluctantly it is on the matter you have just addressed yourself to, a matter which I, following the Attorney General (Mr. Basford), addressed to you last week. I felt at that time that at the soonest possible moment proper professional police authorities should be brought in to investigate this matter. I mentioned the Ottawa City Police at that time, also the Ontario Provincial Police, as well as possibly the RCMP.

Your Honour has conducted this matter in a most appropriate way, for which I for one commend you, in a most difficult situation. Mr. Speaker, I do not believe, however, that the rights and immunities and privileges of members of this House of Commons, on whatever side they sit, extend to a breach of the Criminal Code, by the commission of an offence under the Criminal Code, an indictable offence, of which a member has knowledge.

I would point out that it was ten days ago, on October 31, that this alleged breach of the criminal law was brought to the attention of this House in a very dramatic way—and I noted Your Honour's words that after discussing it with the hon. member for Central Nova (Mr. MacKay) today, it was his desire expressed to you today, not earlier, that it be—

● (1552)

Mr. Speaker: Order. Once again the hon. member seems to be attempting to make a comment during the course of the investigation. In any case, as I indicated to the House earlier, I have had the matter referred to me by the House. I took steps immediately following the disclosure by the hon. member for Central Nova (Mr. MacKay). After the completion of the parliamentary investigation under my authority, that is to say, by the security forces here in the House, I communicated those results to the hon. member for Central Nova. It seems to me he would not reasonably have been in a position to reply to that any earlier than yesterday. In fact, he replied to me this morning.

In any case it should be clear we are getting into very dangerous ground if we attempt to make comment during the course of the investigation. I prefer to conclude that investigation before entertaining any further comment.

ROUTINE PROCEEDINGS

[*Translation*]

BUSINESS OF SUPPLY

SUPPLEMENTARY ESTIMATES (A) FOR YEAR ENDING MARCH 31, 1978

A message from His Excellency the Governor General transmitting Supplementary Estimates (A) with regard to the sums required for the public service of Canada for the financial year ending March 31, 1978 was presented by Hon. Robert K. Andras (President of the Treasury Board) and read by Mr. Speaker to the House.

[*English*]

SUPPLEMENTARY ESTIMATES (A), 1977-78—REFERENCE TO STANDING COMMITTEES

Mr. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I wish to move a motion, pusuant to Standing Orders 58(15) and 59(1), referring the Supplementary Estimates A, tabled this day, to the Standing Committees of the House.

This is a rather lengthy document which would take a few minutes to read. It has been distributed to the House leaders on the other side. I believe there is consent, in order to distribute consideration of these estimates to the appropriate committees of the House of Commons, that it be taken as read, and adopted.

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

Mr. Cafik, seconded by Mr. Andras, moved:

That the Supplementary Estimates (A), 1977-1978, tabled this day, be referred to the several Standing Committees of the House as follows:

To the Standing Committee on Agriculture:

Agriculture Vote 20a

Supplementary Estimates

To the Standing Committee on Broadcasting, Films and Assistance to the Arts:

Communications Votes 1a, L6a, L7a and 10a

Secretary of State Votes 1a, 10a, 15a, 20a, L21a, 25a, 35a, 40a, 45a, 70a, 75a, 90a and 100a

To the Standing Committee on External Affairs and National Defence:

External Affairs Votes 10a, L15a, L17a, 20a, 25a, and 30a

National Defence Vote 1a

To the Standing Committee on Finance, Trade and Economic Affairs:

Finance Votes 1a, L11a, 20a and 21a

Industry, Trade and Commerce Votes 1a, 5a, 6a, 10a, 15a, 40a and 46a

To the Standing Committee on Fisheries and Forestry:

Environment Votes 5a, 10a, 15a, L17a, 20a, 25a and 30a

To the Standing Committee on Health, Welfare and Social Affairs:

National Health and Welfare Votes 10a, 15a, 30a, 50a and 65a

Urban Affairs Votes 1a, 5a and 11a

To the Standing Committee on Indian Affairs and Northern Development:

Indian Affairs and Northern Development Votes 5a, 10a, L20a, L21a, 25a, 35a, L50a, 60a and 65a

To the Standing Committee on Justice and Legal Affairs:

Solicitor General Votes 1a, 5a, 15a and 20a

To the Standing Committee on Labour, Manpower and Immigration:

Labour Vote 1a

Manpower and Immigration Votes 5a and 10a

To the Standing Committee on Management and Members Services:

Parliament Vote 5a

To the Standing Committee on Miscellaneous Estimates:

Finance Vote 30a

Privy Council Votes 1a and 15a

Science and Technology Vote 10a

Secretary of State Vote 105a

Supply and Services Votes 5a and L10a

Treasury Board Votes 17a, 20a and 30a

To the Standing Committee on National Resources and Public Works:

Energy, Mines and Resources Votes 5a, 6a, 15a, L25a, 40a, L51a, L52a, and 75a

Public Works Votes 20a, 25a and 40a

To the Standing Committee on Regional Development:

Regional Economic Expansion Votes 1a, 5a, 25a and 31a.

To the Standing Committee on Transport and Communications:

Post Office Vote 1a

Transport Votes 46a, 50a, L56a, 66a, 85a, 95a, 97a and L106a

To the Standing Committee on Veterans Affairs:

Veterans Affairs Vote 20a

Mr. Baker (Grenville-Carleton): Mr. Speaker, I have had occasion to review the references mentioned by my friend. They are in order, and we are prepared to do that.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Laprise: Agreed.

Mr. Speaker: It is agreed that the order of reference of Supplementary Estimates (A), tabled moments ago by the President of the Treasury Board (Mr. Andras), be now referred to the standing committees in accordance with past practice, and particularly in accordance with the list that has been distributed by the Deputy Government House Leader to

other House leaders, and which will be printed in *Hansard* as if it had been read. Is that agreed?

Some hon. Members: Agreed.

Motion agreed to.

* * *

CONTINENTAL BANK OF CANADA

COMMITTEE TO STUDY INCORPORATION FEES

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I have given notice to members of other parties that I intended to move this motion and, with unanimous consent, to have it put to the House. Therefore, I move:

That, pursuant to Standing Order 99, the Standing Committee on Miscellaneous Private Bills and Standing Orders be authorized to consider and make recommendations upon the fees paid by IAC Limited in relation to an act to incorporate Continental Bank of Canada.

Mr. Baker (Grenville-Carleton): Agreed, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, questions Nos. 116 and 388 will be answered today.

I ask, Mr. Speaker, that the other questions be allowed to stand.

[*Text*]

SMALL BUSINESS—MANAGEMENT STRUCTURE

Question No. 116—**Mr. Herbert:**

1. Does the government publication *Small Business In Canada: Perspectives* intend to imply on page 2 that a manufacturing business employing fewer than 100 workers has probably not developed a mature management structure?

2. Is it believed that a company must have grown out of the category of a small business, as defined in the publication, before its management structure can have matured?

Hon. A. C. Abbott (Minister of State (Small Business)): 1. In the sense in which mature is employed in "Small Business in Canada: Perspectives", the statement on page two to which the hon. member refers does indicate that it is probable that a firm employing fewer than 100 workers will not have developed a management structure of the kind characteristic of large enterprises. A mature management structure, in this statement, implies a high division of tasks among personnel, and the use of fairly sophisticated control and communication methods. Typically, the retention of a significant number of staff personnel, devoted to such matters as financial accounting, public relations, research, etc., is another indicator of large-firm size. Small firms on the other hand simply do not have the resources and, indeed, often not the need for a complex management structure. Typically, in the small firm, the owner/manager is in frequent and direct contact with most of his staff and he finds this a most effective way to control his enterprise and to communicate with personnel. We have found that—while there is no hard and fast rule about it—there was correlation between the number of employees and the style of management structure in a firm, and that the so-called mature characteristics were prevalent in firms above 100 employees, in the case of manufacturing enterprises.

2. No. As noted in the previous reply, there can indeed be firms employing fewer than 100 employees which do have a so-called mature management structure, although these are not considered to be the majority situation.

ENVIRONMENTAL ASSESSMENT PANEL—PERSONS UNDER CONTRACT

Question No. 388—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Environmental Assessment Panel and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): 1. There are three persons under contract to the Environmental Assessment Panel. None of these are retired public servants.

2. Total amount paid to those under contract in (a) 1975: 0; (b) 1976: $25,000, all of which was to a retired public servant.

* * *

MOTION FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notice of motion for the production of papers No. 6 is acceptable to the government.

Mr. Speaker: Is it the pleasure of the House that notice of motion for papers No. 6 be deemed accepted?

Some hon. Members: Agreed.

REQUEST FOR TABLING OF CORRESPONDENCE BETWEEN JUDGE SNYDER AND U.S. DISTRICT COURT IN CONNECTION WITH SUBPOENA DIRECTED TO GULF OIL CORPORATION

Motion No. 6—**Mr. Stevens:**

That an Order of the House do issue for a copy of the telegram to Judge Daniel Snyder of the U.S. District Court for the Western District of Pennsyl-

vania sitting in Pittsburg in connection with Westinghouse subpoena directed to Gulf Oil Corporation and received by the Judge, Tuesday, August 2, 1977 at 10.00 o'clock a.m. and referred to in the open hearings on Friday, August 5, 1977.

Motion agreed to.

Mr. Pinard: I ask, Mr. Speaker, that all the remaining notices of motions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Tuesday, November 8, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Jake Epp (Provencher): Mr. Speaker, I want to continue this afternoon the remarks I began last night. Frankly, it is with a heavy heart that I rise to speak at this time. The reason is because we are dealing with a bill that includes some measures which, it is to be hoped, will ease the economic malaise in which Canadians find themselves. However, after only an hour and a half in this House we find that we, not only the opposition but the people of Canada, are faced with a government that has lost the will to govern.

There has to be a relationship between the people and those who govern. That relationship and that trust have been destroyed by the government. That is part of the malaise, namely, that this government cannot be trusted. That is borne out day after day in this House during question period. If one looks at the economic situation that Canada faces, it is borne out there in very grim terms.

It is not my words that are important on this subject. Let us look at what the Economic Council of Canada said in its fourteenth annual report entitled "Into the 1980's". I quote from page 75 of that report:

—there is little hope of achieving simultaneously a low unemployment rate, a low inflation rate, and sound equilibrium of the current account balance over the next five years.

That means at the present time young Canadians under the age of 25 have already doubled the unemployment rate of the working public. It means that young Canadians coming into the labour force for the next five years will be faced by the same considerations of high inflation, and lack of opportunity which is surely the responsibility of Canada to give to its young people.

While I concede that one cannot put the entire blame on any one government—federal, provincial or municipal—the fact is that this country has been governed by the Liberal party since 1963.

Mr. Lumley: Hear, hear!

Mr. Epp: While the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) says "hear, hear!" I believe that, as an honourable gentleman, he will admit that the record today is dismal and we can take no pride in the economic leadership of this government.

Mr. Lumley: Never!

Mr. Epp: If he cannot accept that, then he is probably the only such Canadian.

I have a further article entitled "A Walk Through the Wonderland of Deductions". Referring to inflation and the economy generally, it reads:

The key problem however, is that many of the big spending decisions of the past decade were made with little consideration of the longer range demands these programs would make on government revenues. Governments introduced a series of programs that are individually desirable, and that have clearly enriched the lives of many Canadians. But the result is that, as the federal government admitted in 1975, it has lost control of 80 per cent of its expenditures and has been unable to adapt its spending to the changing circumstances of Canadian economic growth.

● (1602)

In conclusion, it reads:

It is, after all, still our money which provides governments with their income. Many Canadians have reached the conclusion that the whole country would be better off if the individuals who make the money have a greater opportunity to say how it should be spent. It may be too much to hope for our deductions to go down. But it will be a major accomplishment if we can prevent them from going up.

Reference has already been made to the unemployment rate. Despite controls, inflation has risen to levels higher than government targets. Whether the government admits it or not, it is locked in to a great extent because of increases in energy costs and the fall in value of the Canadian dollar. There are factors in the inflation picture which the government cannot control. Trade imbalance and the flight of capital have also been referred to, and I do not intend to deal with those subjects at the moment.

Going directly to Bill C-11, I call the attention of the House to the fact that today, again, supplementary estimates were tabled. I do not know how much more expenditure we are contemplating now because I have not yet seen those estimates. But we are already facing a deficit of $9.2 billion in one year. As the minister knows, deficits will not occur only as a result of excessive spending. They also occur when there is a fall in the amount of revenue expected, and revenues are down tremendously because Canadians lack confidence in the economy and in the leadership of the government.

It is one thing for this generation to have to foot the bill for our spending. What concerns me a great deal more is that we are asking future generations of Canadians to bear the consequences of the lack of leadership shown by the government.

We are asking them to service these debts and to repay them. How can we rise in our places with a good conscience and say to young Canadians that we are asking them to meet the expenditures we intend to make? The ghost of this legislation will come back to haunt us. It is with us right now. I want to speak for those who will sit in this House in the years to come. They are the ones who will be penalized as a result of this government's actions.

Consider the effect of the decline in the value of the dollar. Bill C-11 provides for a further line of credit in the amount of $1.5 billion to shore up the Canadian dollar. The Minister of Finance (Mr. Chrétien) indicated he would need an additional $8.8 billion, which included some $323 million, according to his calculation, which would be needed in the present fiscal year in connection with foreign exchange transactions. The harsh reality is this: in the last month our foreign exchange reserves have been depleted by $605 million, and over the year as a whole they have been depleted by $1.67 billion. In fact we have already spent double the estimated figure in shoring up our dollar during the past month than the minister had forecast for the whole year. If that does not amount to an economic mess, the government is able to explain the inexplicable.

What will be the cost of this line of credit? Our dollar has sunk roughly 13 cents against the American dollar. To what level has it sunk as against the German mark or the Japanese yen? It is a minimum of 20 per cent and it is as high as 30 per cent. That is the legacy of the government, not for today alone but for the future. That is the outlook which tomorrow's Canadians will have to face, in addition to the bleak economic outlook foreshadowed by the Economic Council.

There are provisions in Bill C-11 which I commend. First, there is the general tax cut of $100 for every taxpayer. I am pleased that the government should at last have followed the advice put forward by the official opposition in this regard. The Minister of Industry, Trade and Commerce (Mr. Horner) chuckles when I say that. But I well remember spokesmen for this side advising the government constantly to that effect.

In its second recommendation, on page 87, the Economic Council said:

> We recommend that over the next two fiscal years the federal and provincial governments implement permanent personal income tax cuts which would increase the annual disposable incomes of consumers by a total of $2 billion in addition to reductions resulting from indexation.

The council goes on to say that this would result in a reduction of approximately 8 to 10 per cent in personal income tax. Mr. Speaker, we cannot think of tax cuts in isolation. We must also think in terms of reducing expenditure. When I took part in the debate on the address I drew the attention of the government to a number of areas in which I believed significant savings could be achieved. I pointed out at that time that the government's advertising budget, telling Canadians about all the good things it was doing, might well be trimmed considerably. Today, the government is the largest single spender of advertising dollars in Canada.

[Mr. Epp.]

If the government and, indeed, the opposition are serious about the need for savings, let us organize a write-in campaign inviting Canadians to get in touch with the government and suggest areas in which expenditure can be reduced. They could draw attention to evidence of waste in the public sector and we could ask the government to follow up their suggestions. As I travel to and from my riding—I am sure other members have the same experience—members of the public constantly call my attention to examples of waste and needless expenditure. They ask, "Why can't you people cut this out?" I have no doubt a great many helpful suggestions would be made if we were to introduce a program of the kind I have mentioned, suggestions which would lead to the elimination of a great deal of the waste which is now taking place on a daily basis. I think we would be surprised at the amount of saving which could be produced. I have only one misgiving: it is the fear that the government would create yet another bureaucracy to administer such a scheme and succeed in spending more money than was saved!

As I say, the tax cuts are commendable. As to the tax cuts proposed for the corporate sector, no matter how we cut economic pie permanent productive jobs are created by the private sector, not by the government. No doubt many of the jobs in the government sector are necessary, but they take from the public rather than produce. So the tax cuts for the corporate sector which the bill proposes should remain.

There has been a lot of argument about the capital gains tax, both in favour and against. The government went half way in the assessment of capital gains and a rollover can now occur in a family farm or small business. The principal owner or owners can sell the farm or small business and buy a larger unit without its being assessed as a capital gain. In other words, it is a deferred capital gain.

• (1612)

In view of the situation existing in farming areas, where the average age of Canadian farmers is between 58 and 60 years of age, and since sons or daughters or known kin have difficulty in taking over a farm, I suggest that the government should give a farmer, or for that matter the owner of a small business, the right to transfer once during his lifetime the assets of a farm or corporation to close family members. I believe that in that way we can keep small businesses in the hands of families and keep farms in the hands of young farmers who want to continue to farm. I think those of us who come from farming areas have met young farmers who would like to see this happen.

Because of the government's voracious appetite in the past for money to meet its expenditures, it has now gone beyond the point of fair taxation to the level of confiscation. The government is now confiscating what is rightfully the property of private Canadian citizens. This confiscation takes place at the farm, it takes place in business, and especially in small business with the plethora of regulations which have to be followed. But I believe confiscation also takes place among people

of minimum income, and I should like to state a case to prove this point.

Canadians serving abroad for service organizations who do not receive an income from those service organizations but only an allowance—I am glad to see the Minister of National Revenue (Mr. Guay) in the House because this pertains to his department—are assessed 25 per cent of all income received from Canadian sources. I have before me the tax file of a certain person who served abroad for two years. He was a Canadian who received an allowance for living expenses and shelter, but very little beyond that. He had a little money in a bank in Canada, and his earnings were under $1,000. Guess what the government took out of that $1,000, Mr. Speaker? It deducted 25 per cent, almost $250, of his earnings for the year.

I know what the government's reaction to that will be. It will simply say that beyond a certain level there are people trying to get tax shelters, hence the 25 per cent. I understand that, but surely there is a limit, especially when Canadians are working abroad and, I suggest, contributing to our foreign aid commitment to the developing world. I submit this section of the Income Tax Act should be re-examined and amended. The fact of the matter is that there is no way any member of the House can justify confiscation of this kind.

Mr. Guay (St. Boniface): He was earning a salary over there, was he not?

Mr. Epp: The Minister of National Revenue says, "He was earning a salary over there, was he not?" The fact is that he was not. It is because these people are not earning a salary that the 25 per cent is deducted. If they were earning a salary, then the deduction would be based on the salary they received.

Mr. Guay (St. Boniface): I just wanted to clarify that.

M. Epp: Since the government is so keen to generate new enterprise in the economy, I hope the Minister of Industry, Trade and Commerce, who is in the House, will take note of a suggestion I wish to make, and that before too long we will see some positive results. I believe there is a tremendous future in a specific industry in this country. I refer to the mining in Canada of cesium, lithium and tantalum.

Tantalum Mining, which is owned by Chemalloy of Toronto, has laid claim to cesium deposits in northeastern Manitoba. It is generally recognized that in that part of Manitoba, which is in my riding in the area of Lac du Bonnet and Lake Bernic, approximately two thirds of the world's known cesium deposits are located. Roughly 30 per cent are located in Rhodesia, and in view of what is happening in that country I think we can say that that supply of cesium is at best doubtful at this moment. The remaining portion is located in other countries, but roughly two thirds lies in northeast Manitoba.

About the only country which has been buying cesium has been the Union of Soviet Socialist Republics. This government placed cesium on the export control list and it is not being exported any more. Now, Mr. Speaker, I am not questioning the rightness or wrongness of that decision, but I would point out that this has been a body blow to this mining operation in my riding and to any attempt to create jobs, especially in the base metal industry.

Why I say to the government that I am not questioning the decision to place cesium on the export control list is that it is believed that the Soviet Union is using it for aerospace propulsion purposes. I do not argue that point. What I am arguing is this, that cesium is known to have qualities that make it suitable for use in high technology industries, and frankly we have not researched this area at all. I would ask the Minister of Industry, Trade and Commerce to take a look at the situation because I believe that this is an area where Canadians could become leaders, particularly since we have the advantage of substantial cesium deposits.

I am not an expert on cesium and I doubt whether any member of the House is, but experts tell me that potential uses of cesium lie in the fields of electronics, ceramics, aerospace propulsion, as I have already mentioned, and power generation. Further, it can be used in the manufacture of photomultiplier tubes, vacuum tubes, scintillation counters, magnetometers, infra-red lamps, and pharmaceutical goods.

The point I want to make is that a lot of research is needed in this area. But instead of putting research money into this industry, what we have done is simply to clamp export controls on the product. One hon. member made the point the other night that there is a greater potential for job creation not in the development of resource metals but rather in high technology fields. Here, Mr. Speaker, is an opportunity. But I offer one caution which is based on long experience of disappointment as a western Canadian. Although we want to see research and development in this area, I would tell the Minister of Industry, Trade and Commerce, who comes from the same general area of the country as I, that we would like to see jobs created in this particular industry in our area. If there is a manufacturing opportunity here, we would like to see it encouraged in our area.

I am not being selfish, Mr. Speaker. I base my argument on the fact that although in western Canada we have agricultural commodities and natural resource based industries, we must now move toward a more mature secondary economy. There is a possibility right here which I hope the Minister of Industry, Trade and Commerce will investigate. Certainly I would be willing to co-operate with him in any way I can.

In this day and age of shortages of energy, the Union of Soviet Socialist Republics is at the present time developing a pilot plant using cesium which, as I understand it, produces greater efficiency in the burning of coal. Statistics indicate they have gone from a 40 per cent efficiency rate to a 60 per cent efficiency rate, and this is still in the format stage. I suggest to the government that if it is necessary to put this under export controls or on the controls list, and the reasons are valid, I accept that. On the other hand, let us move forward and be the leaders in this area.

• (1622)

There is one other matter I want to mention regarding Bill C-11 which concerns itself primarily with Section 143, identified with communal organizations. For some time in this House there has been a debate raging back and forth regarding how best and how fairly we should tax a communal organization, and I have especially in mind the Hutterites of Canada.

Having spoken to them I simply want to state they generally find Section 143 acceptable and fair. They have questions specifically regarding the age of 18 being used for calculating the time an individual enters the work force. The Income Tax Act in respect of all other Canadians relates to the time they actually enter the work force rather than a chronological age. However, I believe that matter is of relatively insignificant importance.

The other matter the Minister of Finance should look at in some detail in the future is that of distribution of wages and whether or not these communal people should be allowed, as are other farmers, to stipulate a certain amount of wages as having been paid to family members. As I understand the situation, that is not possible under Section 143.

In conclusion I want to say that this country has great potential, and I have mentioned one in my own area, but two things must happen. We must have economic leadership and a total turn-around of the kind of spending the government has been doing. That is the first thing that must happen. We must leave more money in the pockets of Canadian taxpayers, whether they be the wage earners or those in corporations, in order to generate enthusiasm and confidence in our economy. Frankly, the government is not able to do that. This government has frittered away the potential of Canadians and, particularly, the future of our young people. The potential is there and hope can be restored. But the government is bereft of hope and has shown a complete lack of leadership. For that reason it should be condemned, and condemned also for its economic policies.

Some hon. Members: Hear, hear!

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I rise to support the Minister of Finance (Mr. Chrétien) in the presentation of tax bill C-11 because of its many good qualities. I suggest it will help the people on low incomes and will encourage further development on the part of the resource industries. It will help people in regard to life insurance, foreign investment, and capital gains.

I have listened with great interest and have read a number of the speeches by my former colleagues in the House during this debate, and I can say that some were good and some were bad. Those that were good were more concerned about the country, while the bad ones were more concerned about the political fate of the members making them.

It was interesting to note that at the very recent convention in Quebec City members opposite were so afraid in respect of leadership that they were not allowed to discuss anything but

support for their leader. No policy discussions took place or were voted upon. It was a unique experience, I am sure, for the Conservative party. I am certain that I was missed only by a number of members of the press, but my attendance at that kind of a convention would have been completely out of place because my concern has always rested with the country.

An hon. Member: They never asked for you once, Jack.

Mr. Horner: I appreciate that, but I want to make it abundantly clear that my concerns have always been directed in respect of the good of the country and not the question of whether the leadership was strong enough to withstand some diversity of opinion.

Some hon. Members: Hear, hear!

Mr. Horner: I was rather shocked during the debate this afternoon on the question of privilege that arose, as I have been shocked by the debate that has taken place in the House of Commons this week and last. The only conclusion I can draw is that in the absence of that right hon. gentleman, the hon. member for Prince Albert (Mr. Diefenbaker), the Conservative party has attempted to ride to power on the backs of the Mounties.

Some hon. Members: Hear, hear!

Mr. Paproski: That is shameful.

Mr. Horner: I would point out particularly that they have been doing this when that right hon. gentleman, who has always been a great defender of the RCMP, was absent from the House. He would not condone that sort of action.

Mr. Paproski: Mr. Speaker, I rise on a question of privilege. I should just like to bring to the attention of the House that the right hon. gentleman has not been feeling well, with the result he has not been in the House for the last two or three days. Otherwise he would have been here.

Mr. Horner: I never implied for a moment that the right hon. gentleman was absent because he was asked to stay away by the whip of that party or anyone else. I just said that had he been here hon. members over there would have been given better advice. They would not have been attacking the RCMP and we would not have heard members from that side hollering, "Lay charges against the RCMP".

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I should like you to have the Minister of Industry, Trade and Commerce (Mr. Horner) tell us the clause of Bill C-11 to which he is addressing his remarks.

Mr. Horner: Mr. Speaker, the hon. member for Provencher (Mr. Epp) commenced his remarks with his thoughts about the question of order raised after the question period. I felt that I should enjoy the same privilege, and it is in that vein I made my comments.

I should also like to say, in equating the good with the bad, that I could not help but note hon. members' love affair with René Lévesque as displayed at the convention in Quebec City. I for one do not think this will gain them much support in the province of Quebec. I would suggest again that, if the right hon. gentleman had been at that convention, hon. members opposite would have received better advice on that occasion too.

Some hon. Members: Hear, hear!

Mr. Horner: I was also interested in the remarks regarding our competitive position in the world. There is no question about the fact that Canada faces some severe economic problems. We are having difficult economic times, there is no doubt about that. We are having these problems partially as a result of the maturing of Third World countries. Many of them have more money today than ever before. They are purchasing the results of many technological advances in the developed countries. They are putting those technological advances to work in such a way—

Some hon. Members: Order, order!

The Acting Speaker (Mr. Turner): Order, please. The minister has the floor and we are here to listen.

Some hon. Members: Hear, hear!

Mr. Horner: As a result of these advances by Third World countries severe pressure has been placed on the mineral industries of the North American continent. This has also placed severe pressure in respect of commodities which can be manufactured in low wage countries, and I am thinking particularly of the textile industry. This new-found wealth of the Third World countries is coming to the fore and we are entering a period of new maturity in the world.

This can be coupled with severe pressure in Canada and the United States resulting from the high inflationary period we have just experienced. This high inflationary period was certainly not the fault of this government or the result of its policies.

• (1632)

The question of the OPEC nations and their ganging together to bring about higher world energy costs is a problem which is giving Canada some difficulty in its ability to compete abroad.

The hon. member for Provencher referred to the fact that somehow or another he wanted further tax cuts. When reading a column from Dian Cohen, he acknowledged that something like 80 per cent of the federal government's revenue was already allocated, and that something like a little over 70 per cent is already allocated to paying for the debt and that portion which has been divided up and sent out to provinces as statutory payments of one form or another for commitments to which this country and this government have been long pledged. The 80 per cent figure is quite right. The hon. member deplored the national debt. He did not offer any real solution, but he suggested that the over expenditures of the government have placed Canadian individuals in a pretty severe position.

I should like to refer to some OECD figures from 1968 to 1976. Personal consumption expenditures have increased by 56 per cent. In other words, Canadian taxpayers or wage earners have 56 per cent more to spend today than they had in 1968. That might be considered as their disposable income—

Mr. Douglas (Nanaimo-Cowichan-The Islands): Is that constant dollars?

Mr. Horner: Yes, it is 1971 constant dollars. Referring to the same set of figures for the same period, government expenditures for goods and services have risen 41 per cent. So, personal income has actually risen higher than government expenditures.

Mr. Clarke: Do you like it over there now?

Mr. Horner: Well, I certainly do. Thank you for asking the question.

Some hon. Members: Hear, hear!

Mr. Horner: I will tell you why.

I listened to the hon. member for Provencher talk about our poor competitive position. He referred to all of the wasteful things the government has done over the past years to put us in that poor competitive position. Let me list a few of them.

Some hon. Members: Oh, oh!

Mr. Horner: I should like to start off with the item allowing public servants the right to strike. The hon. member for Grenville-Carleton (Mr. Baker) spoke in this debate, and he suggested that some new method must be found to take away the right to strike. When I was on the other side of the House, I spoke on that and I said it was wrong. But I could not convince the members of the Conservative party that it was a wrong way to be going in 1967. The hon. member for Provencher and this party supported that idea. That put us in a difficult competitive position with the United States.

Mr. Epp: Who proposed it?

Mr. Horner: Let me talk about the guaranteed annual income.

Mr. Epp: Who proposed that?

Mr. Horner: The hon. member for Provencher has had his say. It is my turn now. In 1969 I fought the guaranteed annual income, when the now leader was a speech writer for the former leader. At that time they both advocated it was absolutely necessary for Canada. They were big promoters of the idea.

Take a look at unemployment insurance in 1971 when the government of the day brought it in. It felt that it was necessary to bring it in for those people who could not find

work. I urged the then Conservative party to vote against it. They did not have the guts to stand up and vote against it in 1971.

Some hon. Members: Hear, hear!

Mr. Horner: I am perfectly happy to have left such a party. In 1972 the Conservative party campaigned across the country, but that party did not have the guts to assess anything. It was the same situation when the Conservative convention was held in Quebec City. The Conservatives did not have the guts to assess anything that was real.

Some hon. Members: Hear, hear!

Mr. Horner: The hon. member talked about indexing pensions and salaries. That puts us in a difficult competitive position with the United States. What party advocated it to begin with?

Mr. Kempling: Who indexed them? You indexed them.

Mr. Horner: That party over there.

Mr. Knowles (Winnipeg North Centre): This party.

Mr. Horner: Let us talk about the capital gains tax. I spoke out against indexing, against the increase in unemployment—

Mr. Kempling: Who did in the Liberal government?

Mr. Horner: Was that great leadership on your side when your party did not have the brains to advise the government that it was wrong?

Some hon. Members: Hear, hear!

Mr. Horner: The hon. member for Provencher spoke out against capital gains tax. What party did not have the guts to speak out about capital gains tax at that time? His party.

Mr. Epp: Are you going to oppose it now?

Mr. Horner: I spoke out against it. I spoke out against capital gains tax. I said it was wrong.

The Acting Speaker (Mr. Turner): Order, please. It appears as if this is going to be a long debate. We will all have our turn. The hon. Minister of Industry, Trade and Commerce has the floor.

Mr. Paproski: Keep your cool, Jack.

Mr. Horner: Hon. members opposite talk about the excessive wage increases which have been made. I remember one in particular which occurred a few years ago in regard to the grain handlers and the grain companies of western Canada. It was indicated that they were going to receive a 60 per cent wage increase, and the grain handlers indicated that it was 49 per cent, or something like that. I nearly begged the Conservative party to bring in an amendment—

Mr. Clarke: We can hear the tears flowing now.

[Mr. Horner.]

Mr. Paproski: Calm down.

Mr. Horner: Hon. members opposite asked me why I am happy over here. I have decided to tell them why. I begged that party to stand up and move an amendment, but they did not have the guts. When one looks at their convention in Quebec City, it is evident that they have not acquired the guts since.

Mr. Clarke: They didn't ask for you once, Jack.

Mr. Horner: At no time did Conservative members advocate that any of the social benefits, which the government brought in and which increased the costs, should be curtailed. In one speech an hon. member mentioned the minimum wage and how high it was in comparison to the United States. When I was in the Conservative party, I spoke in the House of Commons and asked the government not to raise the minimum wage.

Mr. Paproski: What did they do?

Mr. Horner: They followed the advice of the gutless Conservative party which moved amendments to raise the tariff.

Some hon. Members: Oh, oh!

An hon. Member: A gutless government.

Mr. Horner: Well, the government did not take all the advice of the Conservative party at that time. They did not accept your amendments.

Mr. Kempling: You have crossed the floor, Jack. Don't make any more excuses.

Mr. Horner: I am not making excuses. I want to state the facts correctly and not leave false impressions.

Mr. Kempling: Tell us about the dollar.

Mr. Horner: Hon. members opposite are asking me to tell them about the dollar. The hon. member for Provencher referred to the dollar in his speech.

Mr. Kempling: What about the balance of trade?

Mr. Clarke: What about the deficit?

Mr. Horner: There are Canadian citizens on the other side of the House betting that the Canadian dollar will go down more. They are buying American dollars, Canadians sitting on the other side of the House.

Mr. Kempling: Name them, Jack.

Mr. Clarke: Name them!

Mr. Horner: Yes, I can name some.

Mr. Paproski: Then, name them.

Mr. Horner: Naturally the government has to act in defence of that.

Mr. Blackburn: Mr. Speaker, I rise on a point of order. The hon. minister has made a sweeping generalization. If I heard him correctly, he said that there are members on this side of the House who are making money on the falling Canadian dollar.

Mr. Clarke: That is what he said.

Mr. Blackburn: Unless he names those hon. members, of whom I am not one, then he is impugning my privilege and honesty in this House. I think the hon. minister should either retract that statement or name the hon. members to whom he is referring.

Mr. Horner: Mr. Speaker, I will do neither because that is not impugning. Everyone in this House can rise and speak on this debate.

Mr. Blackburn: I have.

Mr. Horner: Good. Everyone can rise and say that they are not buying any American dollars. That is fine with me.

Some hon. Members: Hear, hear!

Mr. Horner: But many financiers are, and some of the hon. members on that side of the House are.

An hon. Member: How many on the government side are?

Mr. Paproski: Name them.

Mr. Horner: I do not have to.

An hon. Member: How long will you be in your seat?

Mr. Horner: I should like to make a correction in regard to something said by the hon. member for Grenville-Carleton. It is not only the hon. Leader of the New Democratic Party (Mr. Broadbent) who is purporting to use figures accurately. As reported at page 721 of *Hansard* of November 8, 1977, the hon. member for Grenville-Carleton said the following:

> In the United States there is less unemployment, less inflation, and twice the real growth rate of Canada. There is a trade surplus on current account in the United States compared to a trade deficit on current account in Canada.

I am sure hon. members from this side of the House cannot run after Conservative members all the time in order to correct what they have said. In reading over the debate, I felt I should make that correction.

We have a commodity trade surplus in Canada in 1977, which will be in the neighbourhood of $2.6 billion.

Mr. Kempling: You said "current account".

Mr. Horner: Yes. We have a current account deficit of between $4 billion and $5 billion.

Mr. Kempling: It is $6 billion.

Income Tax

Mr. Horner: I should like to give the hon. member the facts about the American current account deficit. In 1976 they had a $14 billion current account deficit. In the first half of this year they had an $8 billion current account deficit. That is current account. Their commodity trade account is much worse than that. They do have some money coming in from various countries in the world.

• (1642)

Mr. Orlikow: Some?

Mr. Horner: Some, yes.

Mr. Orlikow: A great deal.

Mr. Horner: A great deal; well, I am not going to get into the relativity of a great deal and some. It is true that they have more than Canada has, but they have a great deal worse commodity trade than we have. We have a trade surplus. They have minus something in the neighbourhood of over $20 billion for the full year of 1976, and their current account deficit, including revenue coming in from servicing of loans abroad, is over $8 billion for this year alone. Where the hon. member for Grenville-Carleton got his figures or that idea in his head is beyond my imagination.

The hon. member for Provencher wanted to hold out a little bit of hope after squandering all his with his party. Let me hold out a little hope.

Mr. Epp: You squandered it for me.

Mr. Horner: We are major exporters of energy. We have a great capability of becoming energy self-sufficient.

Mr. Douglas (Nanaimo-Cowichan-The Islands): We are net importers of energy.

Mr. Horner: That is what we are now. I said we have a great capability of becoming energy sufficient. I am glad I cleared that up in the hon. member's mind. We have a far greater capability of becoming self-sufficient in energy than the United States has. That should give any Canadian a great deal of hope and confidence. We are slow in developing some of our coal mines. That is one aspect which could be improved.

Mr. Blackburn: Especially in Cape Breton.

Mr. Horner: Especially in Cape Breton because of the costs, and I think I should say perhaps because of the "inappreciability" of the Cape Bretoner for the retention of his job. That is a serious accusation.

Mr. Blackburn: What's that?

Mr. Horner: Read it in *Hansard*.

The coal mining industry has suffered severely in Cape Breton. It has not suffered quite as badly as the fluorospar industry in the southern part of Newfoundland. However, we can expand our coal markets considerably.

I note that the hon. member from Hamilton has left, but he has been deeply concerned about STELCO's ability to bid on the pipeline. STELCO uses about 9 million tons of coal a year. We would like to see it moved from western Canada if necessary, or from the maritimes, if possible. Ontario Hydro uses about 10 million tons of coal. We would like to see that coming from either western sources or maritime sources. Nine million tons plus ten million tons make 19 million tons. About 28 million tons are mined today, so that gives us some appreciation of the hope for growth in the mining industry and the coal mining industry in Canada if we could service our own markets.

I readily admit that we are too dependent upon the Japanese market with regard to coal. The Japanese can turn our coal mines on or off at will, depending upon their steel industry and their supply. We are going to meet severe competition from Australia as well. In 1976 we exported to Japan $624 million worth of coal, more coal than grain in dollar value. Not many Canadians are aware of that. So we are not without hope with regard to the mining industry and the coal mining industry.

We have the capability to export some uranium. We have the capability to build a huge pipeline over the next few years, and I disagree with the Economic Council's report at page 75. I do not think the Council knew of all the projects which are on the books to go ahead within the next four or five years. That $10 billion pipeline project will create over 125,000 man-year jobs in Canada alone. Naturally I would like to see much of the steel developed here in Canada. Naturally I would like to see many of the turbines used to move the gas through that pipeline developed and built here in Canada. We have that capability, and my department will certainly be making every effort to make sure that there is a huge Canadian content. However, let us not fool ourselves. We must remain competitive, because it is to our advantage to keep the overruns below 135 per cent.

There is a major dam going ahead in British Columbia. Within the next five years it is going to cost in the neighbourhood of $1.2 billion. These are tremendous projects. Personally, I think the Alberta government should go ahead with some major dams in that province. There is the capability to do so, and there is a need for water. I often say that in Canada we have one third of the fresh water supply in the world. I have often said that; I hope we have.

However, when I consider that the United States has 48 million acres under irrigation and we have less than one million acres under irrigation, I cannot say to myself that we are using our water wisely. It comes under the jurisdiction of provincial governments, not that of the federal government, to initiate dam construction. However, that contributes considerably to the hope all Canadians can have.

There is a $600 million Husky heavy oil production plant on the drawing boards, and we hope the difficulties can be ironed out. This plant is to be located near Lloydminster, if the two provinces can get together.

A $600 million heavy oil plant is to be built by Pacific Petroleum near Hardisty. A third tar sands plant is to go ahead as soon as the necessary deals can be drawn up. I will be surprised if it costs less than the one just completed. The one just completed is on schedule and within budget, but its estimated cost is $2 billion. Tremendous expenditures are going to be made in the near future. Added to that the James Bay project is to be completed. We have a 200-mile fishing limit which gives to—

Mr. McKinnon: Mr. Speaker, would the minister entertain a question?

Mr. Horner: I would rather do so after I am through, but if the hon. member wants to, he can go ahead.

Mr. McKinnon: Do I take it from the minister's remarks that he has moved away from the position he adumbrated two years ago, that our problems with the OPEC countries would be over if we withdrew our support from Israel?

Mr. Horner: If we withdrew our support from Israel our problems would be over? Is the hon. member suggesting that I advocated that two years ago?

Mr. McKinnon: I am saying that.

Mr. Horner: Is that what he is saying?

Mr. Martin: Yes.

Mr. Horner: That is news to me and to many other people, but if the hon. member can come up with a bug which was on my telephone or on his, or if he can find that information from a tape recording or from *Hansard*, I would be glad to look at the authenticity of his remarks.

To get back to where I was, we have just acquired rights to a 200-mile fishing limit on the east and west coasts. The harvesting of that 200-mile fishing limit will be a tremendous challenge to our shipbuiding resources and our processing industry. I would like to see that challenge met as soon as possible. We have the capability to harvest that tremendous yield. This has great potential and raises great hope in the maritimes and on the west coast. There will no doubt be difficulties, but Canada is becoming the world's largest exporter of fish. With that 200-mile fishing limit we can hold that position and better it substantially.

There are great challenges for Canadians in the pulp and paper industry. If we are to hold our present percentage of world production of pulp and paper, we will have to spend $15 billion in the next 20 years. There is tremendous growth potential in that industry, and to take advantage of that potential we will have to spend a lot of money. I like to think that we could facilitate further growth of that industry on both coasts and in the north.

● (1652)

I look at the petrochemical development in Alberta, in Sarnia and Montreal, and I see a great potential for industrial growth in Alberta in by products arising out of the petro-

chemical industry. I am fully confident that markets can be found for the growth in the petrochemical industry.

I think too of the tremendous potential in South America, of Canaven, the railroad for which Canada and Spain are forming a consortium. It is a tremendous venture which will create many manufacturing jobs in Canada. There are requirements for Canadian steel which can only lend hope to the Canadian steel industry and the manufacturing industries.

I look upon the potential, great hydro projects in Brazil on which Canadian companies are bidding. These are the largest projects in the world outside the Soviet Union. Four gigantic hydro electric projects are on the drafting boards and Canadian engineering technique is in the bidding.

Mr. Paproski: Oh, oh!

Mr. Horner: Mr. Speaker, the hon. member may not know that Canada has four of the largest multinational companies in Brazil today. In fact, we are big in Brazil—bigger than the hon. member is in Edmonton.

Mr. Paproski: What is the price of coffee in Brazil?

Mr. Horner: I think of the potential at Canada's door today in world trade. In Algeria, a small country which is coming into wealth because of oil and gas, we have just signed an agreement to export $400 million worth of credit—to export Canadian goods to Algeria, a $400 million revolving fund over three years. What I am saying is that $1.2 billion over the next three years of commodities to Algeria is tremendous growth. That alone will create 50,000 man-year jobs in Canada through our commitment to supply that one country in the Middle East.

An hon. Member: It is all hypothetical.

Mr. Horner: We have just signed the agreement. It is not hypothetical. It may be hypothetical in the hon. member's mind, but maybe in a couple of months we will send him over there to see it. Then he will believe it.

Canada has great potential indeed. We have been discouraged by Canadian businessmen—

An hon. Member: Yes.

Mr. Horner: The hon. member says yes, and laughs. I do not think it is anything to laugh about.

Mr. Paproski: There is no incentive to be successful in Canada and you know that.

Mr. Horner: I do not know that. There is no incentive to be successful in Canada? There is no incentive to be successful in Canada because many, many things are not in tune. Would hon. members like—

The Acting Speaker (Mr. Turner): Order, please. I suggest we look at Standing Order 12(3) which reads as follows:

When a Member is speaking, no Member shall pass between him and the Chair, nor interrupt him, except to raise a point of order.

I suggest we observe the rule.

Mr. Horner: Mr. Speaker, these people are not particularly bothering me. I want to put the figures for real investment in Canada on the record. In 1976 it was minus 3.2 per cent in relation to 1975. This year we are regaining what we lost in 1976 and increasing it. It will be over 4 per cent real investment in Canada this year. That is coupled with some pretty difficult situations. I am referring here to the question of national unity. Mr. Speaker, I have spoken for something like 40 minutes about the economy, and I hope that hon. members opposite will let me speak for a few minutes on national unity and the part it plays in our economy.

Yesterday morning in the Chateau Laurier I spoke to a group of international businessmen. I was quite interested in their remarks. They asked me a number of questions and gave me the rare privilege of asking them a couple of questions. I asked them if they really think that Canada's political instability has any effect on their desire to invest in Canada. Some said it did and some said it did not. The chairman of the meeting, an American, asked for a show of hands on that question.

Mr. Clarke: So you showed him yours.

Mr. Horner: The hon. member is getting smarter.

Mr. Clarke: Why don't you?

Mr. Horner: There is hope for him, even in Vancouver, and I hope he returns there soon. If he wants a ride I am going there on the 18th.

The chairman then asked for a show of hands of people who believed that the insecurity or instability due to Canada's political problems today does not threaten their desire to invest here. Five companies held up their hands. I recognized two of them but I did not see all five. I do not think it is fair to name the two I recognized, but they are big international companies. Then the chairman asked how many people in the room believed that Canada's political difficulties today, brought about by the desire of the government of one province to separate, affects their desire to invest in Canada. Mr Speaker, 120 or 130 international businessmen, everybody in that room, held up their hands. I then thanked the five businessmen who had confidence in their product and their ability to market it, for expressing their confidence, and said I recognized the problem of national unity affects our economy.

Some people parade around this country talking about decentralization in order to satisfy some who think it should be decentralized yet do not know how they want it done.

An hon. Member: Send it to P.E.I.

Mr. Horner: They do not know how they want it to be decentralized and so are not very helpful.

I know that my former colleagues on the other side of the House have probably read a lot of my speeches, and I am not afraid if they have. Never in this House of Commons have I

made a speech that did not offer hope or did not offer some corrective advice to the government. In this case, Mr. Speaker, I think I should apologize because I offered more corrective advice to the official opposition than I did to the government. I offered a lot of hope, however. To my mind Canada is still the best country in which to invest. Canadians have to take more pride in their country. Canadian businessmen have to take more pride in their country.

Some hon. Members: Hear, hear!

Mr. Horner: Foreign investors have shown considerable pride in this country. I believe our current account deficit can be turned around. I believe we can turn around the net deficit on tourism alone within a year. In that instance I believe the 90-cent dollar helps. I believe in the manufacturing world the 90-cent dollar helps. I believe that in the export of much of our produce, whether it be coal, oil, lumber, fish, wheat or anything else, the 90-cent dollar helps. If it helps in manufacturing, it helps in jobs.

Mr. Douglas (Nanaimo-Cowichan-The Islands): No, you have been exporting jobs.

Mr. Horner: No, I have not.

Mr. Douglas (Nanaimo-Cowichan-The Islands): One of our biggest exports is jobs.

Mr. Horner: Mr. Speaker, I was going to end my remarks, but I still have some time so I will deal with that question. Let me talk about the auto pact and about the mines INCO is starting in Guatemala and Indonesia.

● (1702)

First, we have not been exporting nearly the number of jobs which the leader of the New Democratic Party suggests. We have a net surplus of end products of $1.5 billion.

Mr. Douglas (Nanaimo-Cowichan-The Islands): And a deficit on parts.

Mr. Horner: That is right, but a lot more jobs are involved in putting the car together than in making the parts. We in fact have a balance on jobs in the automotive industry but a loss on revenue. Let there be no doubt about it. If anything, we have a balance on jobs in the automotive industry. One machine can stamp out a million parts in five days. However, those parts have to be assembled.

While we have a surplus of $1.5 billion in assembled automobiles, our deficit in parts is $2.6 billion. I am not denying that. I have stated it in the House. However, on the job factor, we are not a loser in the automotive industry.

There is a possibility of gaining in the neighbourhood of 5,000 additional jobs in parts manufacturing without losing in the end product. We are trying to gain those jobs. If we were, as the leader of the NDP says, to equalize the parts, we might lose the surplus in end products. In that event, we would not gain anything in jobs. That is one area in which there has been a misunderstanding. Let me now talk about the other one.

Mr. Blackburn: What about research and development?

Mr. Horner: Research and development is a very important part of Canadian manufacturing life. While it is not as great as it should be, that is because the size of our market is not as much as it should be. We have only 23 million in relation to 230 million people.

Let me get to INCO and the nickel industry. It has been alleged that the Export Development Corporation exported jobs because it loaned money to INCO to build a nickel mine in Guatemala. Recalling from memory, I believe the total expenditure involved in opening that mine was $224 million. EDC loaned $20 million for the purchase of equipment in Canada, less than 10 per cent of the total expenditure of opening that mine. It would have been opened had we loaned the money or not. That $20 million loan created 1,200 man-year jobs, 90 per cent of them in Ontario.

The building of the mine in Indonesia was an attempt by INCO to get into the Japanese Market, something they have not been able to do. The total expenditure in Indonesia was over $800 million. EDC and my department loaned $57 million for the procurement of equipment in Canada, again less than 10 per cent. That mine would have gone ahead whether EDC got into it or not. The loan of $57 million created 3,400 man-year jobs in Canada, mainly in Ontario.

My friend opposite suggests we are exporting jobs when in fact we are creating jobs by the purchase of equipment in Canada and establishing confidence that the buyer will be able to pay for that equipment.

An hon. Member: Tell that to the unemployed.

Mr. Horner: I will tell it to the employed and the unemployed.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. minister, but his allotted time has expired. He may continue only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Horner: Mr. Speaker, I just want to say I will tell it to the employed and the unemployed, and I know the hon. member will be joining the ranks of the unemployed very soon.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I had intended to devote my time to the bill; however, the Minister of Industry, Trade and Commerce (Mr. Horner) has raised several issues. He referred to wiretapping and interference with the RCMP. If the right hon. member for Prince Albert (Mr. Diefenbaker) were here, he would have a different approach. He would have plenty to say about wiretapping and interference with the mail. Contrary to what the minister said, our attack has been mostly on the government security group, not the RCMP.

The minister also talked about the right to strike. I hope this government will bring in—

Mr. Horner: You would not be brave enough to support it.

Mr. McKenzie: Every time we speak, he clears out. I hope he reads *Hansard* tomorrow. The minister referred to indexing of pensions. That was not meant as a permanent cure-all for all of Canada's problems. We recommended indexing of income tax because the Liberal government is taking far too much money from the Canadian people. That is something that has to be reviewed. Once again the minister was misleading the House.

The minister made a strong point about the fact he could not always get his way in the Conservative caucus. Nobody gets their way all the time in any caucus.

Some hon. Members: Hear, hear!

Mr. Horner: I said I was glad I left.

Mr. McKenzie: I will say what I have to say whether you are here or not. The minister got across a lot of his issues when he was here. We supported him on many of them. However, he certainly did not convince the Liberals to implement any of his recommendations. I never saw him voting with the Liberals at any time while he was on this side. I hope he can convince them now on some of these issues.

The minister does not have to give us a lecture on how great this country is. We know how great it is. It is this government that is bad. I challenge him to produce any newspaper, report or document that supports this government. I have not found a single one.

I understand that at the business conference the minister attended in Toronto, he asked a group of businessmen for a show of hands on whether they had faith in this country or would move out of the country. Very few businessmen or investment people will advertise they are leaving. They just go away quietly. You only find out later.

When you read some of the minister's comments, you find that he does not have too much credibility. One comment in particular was made on January 8, 1976, referring to the Prime Minister (Mr. Trudeau), and I quote:

> Stopping him is the duty of every Conservative in Canada. It is the task of every Canadian who cares about the freedom and prosperity of our land.

In another comment on March 10, 1977, he said:

> Do you really think I should lower myself to be in the same party as Transport Minister Otto Lang, who has ruined not only the nation's transport system but its grain industry too?

There are many other comments. I will get to them at another time. In every newspaper and business report across the country, the heading of a story starts off with such headlines as "The economy: a mess". I quote from one article:

> The Canadian economy is in very poor condition. If it continues to function along the same lines it will be in even worse condition in five years.

That is the gloomy finding of the Economic Council of Canada in its fourteenth annual review. It goes on to list all the failings of the government.

This afternoon I received a news release from the Information Division, Department of Finance. It was issued November 7, but just reached my office this afternoon. Apparently the Minister of Finance (Mr. Chrétien) is concerned about this bill. He says that it is a complex bill and he wants us to pass it with despatch, having regard to its importance. There is one sentence here I do not understand. The minister stated:

> To a considerable extent, the economy depends on business confidence.

We are not concerned about business confidence in the country but confidence in this government. That is our problem. The business community and Canadians in general do not have any confidence in this government. I intend to go into that in detail.

We fully support the personal income tax provision in this bill. We have been calling for that for many years. As usual, it takes the Liberal government five to ten years to start taking action on most issues.

● (1712)

The minister, in his release, also referred to investment incentives. I can tell you, Mr. Speaker, that these incentives no longer mean anything in this country. Businessmen do not trust the government and are not taking advantage of the incentives—I shall refer to that subject in some detail in a few moments.

There is one paragraph I should like to read from the latest report of the Economic Council. It is in section 4 with reference to savings, investment and capital flows. It states:

> The main source of economic expansion, employment growth, and improvement in the quality of life is investment, not only in the manufacturing sector, but also in such areas as education and training, health, protection of the environment, and basic research. Investment also promotes technological advances without which expectations of an ever-rising standard of living would falter. Traditionally, Canadian industry has counted heavily on infusions of new capital to enlarge its productive capacity and to create the potential for a greater supply of output.

Unfortunately, Canadians have now become the largest investors in the United States and investment in Canada has been falling off by the hundreds of millions of dollars, a clear indication that both Canadians and foreigners have no faith in this country or in this government. There is evidence to support that statement fully.

On page 79 of the report in a section headed "Structural Problems", there is a sentence which reads: "The Department of Industry, Trade and Commerce has for some years been working on an over-all industrial and investment strategy for Canada but this plan has not been fully articulated."

I wish the minister were here now to explain the delay in implementing this plan. There will not be anything left to implement in this country if he does not get busy and start talking to the business community and the investors in order to find out what needs to be done to keep them in this country. Maybe the minister is not aware of this plan. I do not know. He and the Prime Minister have informed the House that they

are free enterprisers and will not be standing in the way of business and investment money leaving Canada. It is little consolation for the taxpayers who must suffer the consequences of this readiness to allow the flow to continue, this disposition to do nothing about it. I want to ask the minister when he proposes to begin having regular meetings with people in the business and investment community to get to the root of this problem.

Today I cannot pick up a newspaper without finding in it a devastating attack upon the government. Here is one example: "Canadian investment in the U.S. Up Again—Trend May be Irreversible". I hope the Minister of Industry, Trade and Commerce gets busy with this great plan of his. He should see what he can do to keep this investment money in Canada.

As for the Minister for DREE (Mr. Lessard) and the Minister of Employment (Mr. Cullen), who is becoming better known as the minister of unemployment, their hands are tied. How can they cope with unemployment and get businesses developed in various parts of Canada while this massive outflow of enterprise and investment continues? There is no way in which job creation programs or short term make-work programs can take up the slack in the face of this massive exodus of business and investment money. I certainly hope that the two ministers I have mentioned will speak out in cabinet in an effort to get the Minister of Industry, Trade and Commerce off his butt and taking constructive action with regard to this serious problem.

Here is another news story which came to my attention. The headline reads: "Failing Canada in Economy Was Once an Object of Envy". In this article, provided by the *New York Times* service, we read:

The Canadian economy was once envied for its glowing health. No longer. Nearly a million Canadians are out of jobs and those who are working find their pay cheques buying less and less. Even Canadian industrialists, let alone foreign investors, are finding this country an unattractive place to keep their money. A leading Japanese businessman relates that when he suggested a joint venture here his prospective Canadian partner proposed they locate the enterprise in the United States instead.

We in this country are the largest boosters of the United States economy. To show the seriousness of this flight of investment money may I go into a little more detail? It is very difficult to track it down. We hear about some of these businesses which are leaving, but we do not hear about all of them.

I should like to refer to an article which appeared in the Winnipeg *Free Press* on Monday, October 3. It is prepared by a financial expert in Winnipeg who took the time to compile detailed information on the businesses he was assisting to leave the country. Imagine the picture which would result, Mr. Speaker, if we consulted half a dozen investment counsellors in each province to get detailed information about the number of businesses contemplating leaving for the United States. This article drew attention to the fact that 19 of his clients intended to invest about $40 million outside Manitoba over the next five years and that the loss of this investment would cost the province about 4,000 jobs. Mr. Speaker, there is no way in which the minister will be able to stop this trend.

[Mr. McKenzie.]

The financial expert who compiled these figures points out that even if these clients received tax deductions and the like, they still would not remain in this country because they did not trust the government and did not like the political climate. For these reasons they would not make any long term investments here. This is why it is of great importance that the Minister of Industry, Trade and Commerce get on with his plan before it is too late.

The name of the financial expert to whom I have referred is Peter Jerch of Peter Henry Jerch and Associates. He says the trend has been going on for some time. Mr. Speaker it is not possible to stop such a trend overnight. Mr. Jerch says that countries, or, for that matter, provinces which have nationalistic, leftist, or extremely strong bureaucratic tendencies make striving and successful entrepreneurs feel uncomfortable. Well, they feel very uncomfortable in Canada today and that is why so many of them are leaving for the United States. Even the tax incentives which we will be asked to approve in the bill before us will have very little effect.

Mr. Jerch goes on to say that Canadians are amongst the most aggressive foreigners in the U.S. acquisitions market. In fact Canada rated as the most active foreigner investor last year. He also points out that the vast majority of such investments or acquisitions are never reported officially. They do not put advertisements in the papers when they close down their businesses and move out. The ordinary successful businessman is shy of publicity and does not wish to disclose his business affairs prematurely.

He goes on to say:

The best climate for orderly and normal business growth is economic and social stability—

Something which is completely lacking in Canada today. He goes on—

That, together with revolutionary musings of what is to come, new regulatory boards and agencies with arbitrary powers all over the place and inability of governments to cope with the management of the economy as a whole is producing too much uncertainty about the future—and there is very little that investment money is more afraid of than uncertainty.

Canada is certainly noted for its uncertainty today. Think of the Quebec issue and separation. This is why we as a party were concerned and wanted the government to challenge the different bills being introduced by the Lévesque government, and to challenge them immediately before it was too late. But nothing has been done. All the Prime Minister talks about is a referendum, a referendum which will do absolutely nothing except chase more businesses and investment out of the country.

● (1722)

This financial expert goes on to say this:

To those people, government make-work projects and free-lunch programs reduce motivation and destroy the work ethic, and are a definite factor leading, among other things, to lower productivity. Investments by Canadian citizens or Canadian-owned companies into Canadian-owned active manufacturing or service companies located in Canada, if such investment is tax deductible, would, according to the smaller business, eliminate unnecessary unemployment, create a healthy economy, and lead to elimination of the dreaded four-letter government monsters (FIRA, DREE, etc.), which tend to increase inflation and create a

drag on the economy through their sheer size, power, and obligatory paper work created (three letter monsters are equally at fault—AIB and GAI, to name just two).

And so on it goes in great detail, Mr. Speaker. Mr. Peter Jerch has prepared a second report which has been forwarded to me. It is based on a factual survey of 42 Canadian small and medium-sized active manufacturing and service enterprises which he has researched. Only 12 of these are looking for acquisitions in Canada only. Fifteen thought they would consider a further acquisition or investment in Canada as a second alternative, which suggests that reason tells them to go elsewhere.

Without going into all the gory details, it is hard to find the exact number of jobs this situation will cost, but the number lies between 4,300 and 13,000. So the House can see the impossible task that the minister of unemployment, or I should say employment, has, as well as the minister in charge of DREE, in trying to cope with this mass exodus of business and investment money.

In the eastern United States business complexes are being built to assist businessmen to move across the line. In the Grand Forks area of North Dakota the economic situation in Canada is being taken advantage of by making it more and more attractive for Canadians to go across the line to do their shopping. The latest press release that I have received has this to say. A $20 million shopping centre is to be built in Grand Forks and they are plotting to tap the flow of Canadian cash. This report is datelined Grand Forks, and reads:

There's a river flowing southward from Manitoba along U.S. Interstate Highway 29 that isn't controlled by the provisions of the Boundary Waters Treaty. It's a river of money.

Canadian dollars, devalued and weaker than a year ago, are still flowing south, where goods and services can be had at prices far lower than any the domestic market can offer.

People in British Columbia are also flowing across the border to do their grocery shopping. So you can see, Mr. Speaker, how bad is the situation in Canada.

The Minister of Industry, Trade and Commerce had something to say about tourism. He feels it can be revived. I do not know how it can be revived. He was very critical recently of the hotel industry and he put all the blame for the falling off of tourism on the hotel industry. I have written to the people involved in the hotel and tourism industry asking for information as to whether they agree with everything the minister from Crowfoot said, and I would certainly challenge his statement. There is a little tourism in Winnipeg because we have a racetrack there. People come from Minnesota and North Dakota to visit the racetrack. If the states of Minnesota and North Dakota ever went into pari-mutuel betting, Winnipeg and Manitoba would find their tourism industry in serious difficulty. There are at least two hotels I know of in the area which would have to close down.

The government is still having difficulty controlling its own expenditure. This was highlighted at one of the committee meetings held this week. Another devastating headline in a newspaper reads "Ottawa Drags Feet on Correcting Examples of Financial Mismanagement". This is what the Secretary of State's department was accused of by a committee of MP's yesterday.

What amazes me, Mr. Speaker, is that some backbenchers in the Liberal party are asking us what we would cut. I wish they would start putting a little pressure on their own cabinet in caucus for proper accountability on the part of each government department. They could do a real job there because they are on the inside. There is no way that I can march into the Department of Supply and Services and start conducting an investigation, but members of the government party can. That would be a real challenge for them, so let them get busy and start questioning deputy ministers and see whether they can reduce their budgets by 5 per cent this year and 5 per cent next year. They would then be doing something useful instead of yelling over at us and asking us what we would cut. You cannot cut what you cannot see. I have looked at a lot of estimates of different departments and they list a lot of items under "others" and "miscellaneous". If I were asked what I would cut, Mr. Speaker, I would cut out "others" and "miscellaneous" if I were a member of the government.

It was also pointed out in committee this week that the recommendations made by the Auditor General in 1975 to improve the financial accountability of departments have not been acted upon. The members of the Public Accounts Committee complained about this, and the hon. member for Northumberland-Durham (Mr. Lawrence), a former committee chairman, accused department officials of trying to pull the wool over our eyes by pretending to have improved financial reporting procedures.

This question was debated at great length in the House in 1975 and 1976, and we heard glowing statements from the President of the Treasury Board (Mr. Andras) and the then minister of finance that departments would have proper accounting procedures. I do not believe one word they say, Mr. Speaker.

According to the report I have, a senior official in the Auditor General's office responsible for monitoring the Secretary of State's department said it appears the department gave an inadequate sense of importance to its financial accountability. I would ask some of the Liberal backbenchers opposite to check that one out. This would be a good point to raise in caucus next Wednesday, and then they can tell the government what to cut.

The Economic Council has recommended a $2 billion tax break, and I am sure that if we started to have proper accounting and started to trim off the fat this recommendation could be implemented. The Economic Council also pointed out that it costs so much to produce goods in Canada that most of our industries cannot compete in world markets. Our foreign debts have grown so astronomically in recent years that foreign investors are beginning to feel uneasy about investing here. We know all about that, Mr. Speaker. Unemployment is concentrated disproportionately among Canada's young people; and the Economic Council concludes that Canada is one of the most wasteful energy consuming nations in the world.

When I hear Liberal backbenchers standing up and praising the Minister of Finance with a record like this, I know they are certainly trying to pull the wool over our eyes. The government has been in office since 1963. If hon. members opposite are so brilliant, so much on the ball, how did we ever end up in a mess like this, Mr. Speaker? The Prime Minister has a great habit now of blaming the people. The people are not the government. The people are not running these departments.

Let me refer to another newspaper article, although I get sick looking at them, Mr. Speaker. This one is headlined "Layoffs an Epidemic in the Land". We find press statements from all across the country about this government and its record. These are endless, Mr. Speaker.

● (1732)

I do not wish to take up any more time as I know there are others who wish to speak on this before we close at six, but I would put a challenge to the Minister of Industry, Trade and Commerce (Mr. Horner) once again. He should start immediately holding seminars and meetings with the business community. He must conduct some research and do some very detailed work in order to find out what has to be done to keep this investment in the country. Perhaps he can find out from investment counsellors. Maybe they can provide the minister with detailed information regarding investment money leaving the country. Once this trend starts there is no stopping it. My prediction is that within four years we will have between 2.5 million and 3 million unemployed in Canada.

I have put this challenge to the minister on two other occasions. He has given me no information and no answer. I hope he will take up this third challenge and will take some action which will encourage this investment money to remain in Canada.

Mr. Derek Blackburn (Brant): Mr. Speaker, in the government's 1974 budget, then finance minister John Turner promised the people of Canada that tax concessions for corporations would work to solve the country's economic problems, as well as unemployment. Canadians were told that corporations would invest these windfalls to create jobs and stimulate a recession-ridden economy.

Three years and three finance ministers later, we are faced with a staggering 8.2 per cent unemployment rate and a steady decrease in the growth of our gross national product. Economic forecasters predict that Canadians are in for the longest and coldest winter since the great depression.

Yet despite overwhelming evidence that corporate tax concessions have provided neither the jobs nor the much needed stimulus our economy lacks, the government refuses to seek a new remedy for our economic woes. Surely, Mr. Speaker, the government is aware that even though the largest tax incentives have gone to manufacturing firms, manufacturing jobs have actually decreased. In the first nine months of last year manufacturers employed an average of 1,945,000 workers. This year that figure has dropped to 1,915,000. That is an actual loss of 30,000 jobs; a poor testimony to the effectiveness

of tax concessions. Yet the government persists in re-introducing a bill from last March's budget that will grant the corporate sector another $1.2 billion in tax cuts, and continue to do so for another three years.

Tax concessions to large corporations have failed, and the reasons are obvious. Our economy is operating at slightly above 80 per cent of its capacity. It is only common sense to realize that corporations are not going to invest in expansion when their existing plants are already operating at 20 per cent below capacity.

Indeed there is very little guarantee that corporations will invest their tax breaks in the manner the government intends at all. In fact the evidence would suggest just the opposite. It would appear many of the beneficiaries of the government's generosity are more interested in profits than in good corporate citizenship.

I have before me, Mr. Speaker, a page from the August shareholders' report of Northern Telecom, a subsidiary of Bell Canada. It thanks the March tax incentives for "reducing our effective income tax rate to 40.6 per cent for the period in 1977 from 42.8 per cent for the first half of 1976". This company thanked its employees, whose tax dollars have contributed to their employer's profit margins, by announcing the layoff of over 1,000 workers in plants throughout Ontario and Quebec. Northern Telecom will receive over $3 million this year from the finance minister's scheme to promote job creation. I just cannot understand the logic behind this kind of financial manoeuvring.

Perhaps the most familiar example of the abysmal failure of tax concessions to provide jobs is that of INCO. INCO will have an estimated profit this year of $100 million. It will receive a tax concession amounting to $10 million, and also has deferred taxes of $378 million. These deferred taxes are, in effect, interest free loans. In addition, the Export and Development Corporation has loaned INCO $70 million at discounted interest rates to develop mines in Indonesia and Guatemala. The government expected INCO to express its gratitude by expanding its Canadian operations and hiring more Canadian workers. What INCO has done is lay off close to 4,000 workers in Thompson, Manitoba, Sudbury, and Port Colborne. The EDC loan, which has in fact aided the exportation of jobs, only adds insult to injury. Clearly, the government's policy of corporate tax concessions is not producing the desired results.

ALCAN recently laid off 400 workers in their fluorspar mining operation in St. Lawrence, Newfoundland. Company executives admitted the corporation was not losing money, it just was not making enough. This act of corporate social irresponsibility issued from a firm which stands to receive an estimated $11 million in tax concessions this year, and which has already been granted deferred taxes amounting to $180 million. ALCAN profits this year, bolstered by government tax concessions, will likely be $138.8 million. That profit is up 560 per cent from last year's $21 million.

The list of corporate abuses of tax concessions is endless, but perhaps one more example will suffice to make my point. Noranda more than doubled its assets of $871 million in 1970

to $2.093 billion in 1976. It has already received $86 million in deferred income taxes, and banked an additional gift of $5 million, courtesy of the finance minister and his predecessor's so-called job creation policies. Shortly after the tax break was announced last March, Noranda laid off 500 workers. Now it is threatening to lay off another 1,700 employees in the Gaspé.

It is clear that the government's prescription is not curing unemployment. Tax concessions are only making a bad situation worse. The government has admitted its policies are not working. As my colleague and leader of my party has noted, last summer the Prime Minister (Mr. Trudeau) was reported to have muttered that the private sector "has not taken up the slack which was provided for it in the budget". Yet, the government does not move to expand the public sector. Instead, it doggedly intends to channel $1.2 billion into a program of tax concessions that have proven completely unproductive over the past several years.

The government seems to have great difficulty pinpointing the cause of Canada's economic malaise. Perhaps that is because it has insisted on looking beyond its own doorstep, and beyond that of the multinationals like INCO, ALCAN, Noranda and Northern Telecom. Casting about for a scapegoat, it has settled on the Canadian worker. The Prime Minister has in all seriousness suggested that the problem with the Canadian economy is the lack of productivity of the Canadian people. He says that we are outpricing ourselves on world markets.

● (1742)

Two weeks ago in the House the Prime Minister quoted statistics designed to show that wage rates in Canada have outrun productivity, that Canada cannot compete with its main competitor, the United States. He said that Canadian workers are only 80 per cent as productive as their American counterparts in manufacturing. He also said the Canadian wage rate is 7 per cent higher than the American wage rate.

Don McGillivray pointed out in an article in the *Financial Times* that those statistics are seriously out of date. Statistics issued by the United States and Canadian governments in 1976 make it possible to calculate that output per employee in Canada last year was 87 per cent of the United States output, a figure which is significantly higher than the Prime Minister's 80 per cent. These figures were available to the Prime Minister, but in his eagerness to indict the Canadian workers, it would appear he has overlooked them.

On the question of wage rates the gap is even less apparent than the Prime Minister would have us believe. In May of this year the average American worker was earning $5.57 an hour in U.S. funds. The average Canadian hourly wage was $6.42 in Canadian funds. While workers are paid in Canadian dollars, exports are sold to the U.S. for U.S. dollars. So, to make a fair comparison of U.S. and Canadian wage rates, the decline in the value of the Canadian dollar must be taken into account. In comparing the Canadian wage to the U.S. dollar, the Canadian wage is reduced to $5.78 an hour. That makes the wage rate gap 3.8 per cent, and not the 7 per cent quoted by our very academic Prime Minister.

Wage rates alone are not completely indicative of an employee's cost to a manufacturer. The cost of compensation, including fringe benefits, must also be considered. In 1976 the National City Bank of New York calculated that compensation per employee costs manufacturers $7.91 an hour in the United States and $7.05 in Canada. Both of those figures are in United States funds. That puts the Canadian worker 12.2 per cent behind in compensation. When we consider the 12 per cent drop in the Canadian dollar since that time, we discover that Canadian workers are costing their employers 25 per cent less than American workers. As the McGillivray article points out, this is more than enough to counterbalance the fact that the average Canadian worker is producing about 13 per cent less than his American counterpart.

The Prime Minister made a lot of noise about the fact that we are outpricing raises and demanding higher wages, and, because wages are going up, we are not able to be competitive in foreign markets. I think the article and the statistics I have referred to will set the record straight. The Prime Minister could have used those up-to-date figures, but obviously he chose for political purposes not to use them.

The government can no longer hide behind the excuse that wage rates and low productivity are responsible for the Canadian failure to sell competitively in the United States. It must accept the failure of its economic policies, and particularly the failure of tax concessions to stimulate the economy and provide jobs.

In my home riding of Brant we have an 11 per cent unemployment rate. Last month Abex Inc. closed and Spalding announced its intention to do the same. As a result, over 500 of my constituents are now looking for jobs. I would suggest, as the New Democratic Party suggests, that the government use the $1.2 billion it presently intends to throw away on corporate tax concessions to provide jobs for these men and women. A direct job creation program could provide work and wages for thousands of the unemployed across this country.

It would be more useful if a portion of the $1.2 billion the government has earmarked for corporate coffers could be directed to socially useful capital works projects. Admittedly, such projects provide only temporary work and are not the answer to our long term needs for job creation, but with over 800,000 Canadians officially unemployed, and more than a million actually out of work, our situation is critical. Some form of positive action must be taken immediately. Job creation programs could put money in the hands of those who need it and, just as important, in the hands of those who will spend it and not save it.

Increased consumer spending is one of the keys to putting the country's economy back on its feet. The Minister of Finance recognized this in his mini-budget when he provided the average Canadian taxpayer with a $100 tax cut for 1978. But surely the Minister of Finance cannot believe that an increase in consumer purchasing power, which amounts to

slightly over $2 per week per taxpayer, is adequate to provide the stimulus our business community so badly needs.

If the corporate tax concession were removed from Bill C-11, it would mean an added $1.2 billion could be channelled into a more extensive, more equitable scheme of tax cuts for the middle and low income earner. The government should note that there are four million Canadians who live below the poverty line. These people have little or no taxable income, so they are unable to benefit from the present proposals for tax cuts. Yet these are the people who most need the goods and services our business community is so anxious to supply, and who would be most likely to spend the added income they receive. For that reason, tax cuts must be made in the form of tax credits, payable whether or not a Canadian has a taxable income.

By directing most of the tax cut to those at the lower end of the income scale, the government would not only be compensating those families most affected by continuing increases in the cost of food, clothing and fuel, it would also be ensuring that the value of the tax cut would be transferred directly into the economy through increased consumer spending.

The Economic Council of Canada, in its annual report tabled this week, proposed that the government implement a more extensive program of tax cuts to stimulate consumer spending and economic growth without incurring inflation. This is the same suggestion the New Democratic Party has been making for months. The Council, which is a federally established advisory agency, made their unprecedented recommendation after predicting another five years of high unemployment, persistent inflation, large trade deficits and slow economic growth. It said that personal income tax cuts contained in the minister's mini-budget were not enough, and the situation called for an added $2 billion cut at the provincial and federal level. Yet yesterday in the House the Minister of Finance dismissed this report, a report from the government's own advisory agency, as "not responsible".

I would submit that it is the government that is not responsible. It is not responsible in continuing a $1.2 billion program of tax concessions to corporations, which is an admitted failure to begin with. It is particularly not responsible in failing to provide the kind of economic leadership this country requires, if the prediction of the Economic Council of Canada is not to become a reality.

● (1752)

The government must act to implement a positive recovery program in the private industrial sector. It must correct trade inequities which have been allowed to develop unchecked for far too long. Too often Canadian industries have been shortchanged in terms of distribution of jobs, investment and research and development expenditures. Only after the government acts to protect Canadian jobs can there be any assurance of a permanent increase in the manufacturing sectors, which have been hardest hit by our prolonged economic slumps. I am thinking specifically of the auto industry, but action is also needed in our long-suffering shipbuilding, textile, electrical and footwear industries.

In the auto industry alone this year Canada faces a $3 billion deficit in its parts trade. Because of inequities in the trading relationship between Canada and the United States, Canadian parts manufacturers are producing only half as many parts as there are consumed in the manufacturing of vehicles in Canada. If this situation were remedied and Canada were to obtain its fair share of North American parts production, over 20,000 new jobs could be created for Canadians.

Disappointingly, the government has failed to take any initiatives in the sectors where it is needed most. Instead, it prefers to subsidize corporations to the tune of $1.2 billion, corporations which express their gratitude by laying off thousands of Canadian workers. Failing that the government has preferred to do nothing at all. It stands idly by as thousands of auto workers, shipbuilders and textile workers lose their jobs, and then it scratches its head and wonders why.

We know why more Canadians have lost or are in danger of losing their jobs than at any other time since the great depression. It is because the government stubbornly insists on pursuing its misguided programs and rejects out of hand the alternatives which could restore the country's economic vitality.

What I have been addressing myself to in the last 20 minutes or so relates really to the same old Liberal government approach to hard times. We have been talking a lot in the past few years about injecting cash flow into the economy, and we have been suggesting that we should not put the money in at the top in an economic crisis—and, indeed, we are in a very serious economic crisis—because it does not trickle down or, if it does, it trickles down very slowly.

What we have always suggested is that the money should be injected at the bottom where it is most needed. It should be given to the 25 per cent or 20 per cent of the people of Canada, 4 million Canadians, who are below the poverty line. These people will spend the money. This will generate demand and put people back to work. Indeed, as my friends to my right argued earlier this afternoon, it will also stimulate investment. However, we cannot argue that we should stimulate investment by giving corporations huge amounts of tax concessions which in turn they use for the purpose of saving, and not re-investing to expand their facilities.

The Hon. John Turner sent out a questionnaire a couple of years ago to industries which had received tax concessions and rapid write-offs. The replies he received must have been embarrassing and disconcerting to Mr. Turner, because in fact most of the industries, or certainly a majority of them, stated that those tax concessions did not at that time result in the creation of more jobs. When plants operate at 80 per cent of 83 per cent capacity, they are not going to use that money to expand unless there is demand. That demand must come from the consumers, and if the consumers do not have sufficient cash with which to purchase goods, obviously there is not going

to be demand, and there is not going to be the creation of new jobs or the putting back to work of those who are unemployed.

I do not know how much simpler it can be stated. I do not know how we can get this across to the cabinet and to the new Minister of Finance. He has inherited a mess, yet he seems also to have inherited some, if not all, of those archaic philosophies of a rather tired and worn out administration. I am not opposed, for example, to the Registered Home Ownership Plan, the Registered Retirement Savings Plan and so forth. These are plans in which people can invest money for tax deferment purposes, but who invests in those plans? They are the people making $15,000, $16,000, $18,000, $20,000, $30,000 or $40,000 a year. They are not the people whose total family incomes are $6,000 $7,000 or $8,000 a year. Those people cannot afford to take advantage of those plans. In that kind of situation we are not really helping the economy with the programs we are using.

As the hon. member for Waterloo-Cambridge (Mr. Saltsman) said last evening, these plans are in effect aiding and abetting some Canadians to "save this country into a recession". Those who can afford to save are putting their money away for some rainy day. It is not going to circulate at the consumer level, at the manufacturing level or at the retail level. As much as I supported those two programs originally, I think they are coming back to haunt us now and to haunt the government, because they are drying up money. They are not putting money into the community.

My time is nearly up. I simply wish to reiterate that as far as I am concerned personally—and I am sure I speak for my party—the tax proposal to extend concessions to industry to the tune of $1.2 billion will not create the jobs we will need this winter. It is going to be a cold and gloomy winter. I do not have to say it; the economic experts have already said it.

I know that government policy as introduced in the mini-budget or the economic statement of the Minister of Finance a couple of weeks ago is not going to alleviate the major problem in this country today. That major problem is unemployment, and if it were not for unemployment insurance we would be in a revolution at this time. That is how serious is the situation.

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I am anxious to say a few words in this debate this afternoon to underscore the remarks made at the outset on Monday of this week, November 7, by the Minister of Finance (Mr. Chrétien) when he opened the second reading debate on Bill C-11 and made a strong plea for the prompt attention of this House to that bill and for its expeditious passage.

Contrary to a good deal of the rhetoric we have heard from across the way today and on other days in this debate, this legislation is important to Canadians, and particularly to farmers, small businessmen, and others in the constituency of Assiniboia. Indeed many have been in touch with me in recent days to inquiry about the progress of this bill and to urge this House to deal with it as quickly as possible.

Earlier this year, after the presentation of the budget in March, I had the opportunity to conduct a series of public meetings across a rather broad stretch of southern Saskatchewan and to talk with people in communities in very many places in southern Saskatchewan about provisions in the federal budget which specifically related to them, and about their views on the economic conditions in the country as they saw them. Those meetings were held in 11 different places at Oungre, Creelman, Estevan, Lewvan, Odessa, Avonlea, Yellow Grass, Mazenod, Crane Valley, Meyronne and Minton. They were well attended, by and large, and people were anxious to hear what the fiscal policy of the government was after the budget speech of last March.

● (1802)

As I explained to the House a moment ago, I took the time to outline the specific provisions of the budget that related to people living in those areas in southern Saskatchewan. The reception for the provisions in the budget was, by and large, very positive. During the spring, summer and fall I received inquiries about where those specific provisions stood as people were anxious to see them passed into law. They were disappointed that the House was not able to deal with the previous budget bills before the adjournment of the last session of parliament and they were anxious to have the assurance that the provisions detailed in March would be coming back in legislative form as quickly as the House could get to them, and would likely receive the expeditious attention of parliament.

I am anxious to see this bill dealt with as quickly as possible in the House, go through committee and be passed into law. A great many people in Assiniboia are anxious to have the tax changes proposed in the legislation put on the statute books so that they can take advantage of them.

Bill C-11 is a complicated measure, as most fiscal laws are. The essential details have been adequately outlined to the House by the Minister of Finance, the Minister of State (Small Business) (Mr. Abbott), the Minister of Industry, Trade and Commerce (Mr. Horner), and others. I am not going to take the time of the House to go into the details, but there are a number of specifics which particularly related to my part of the country and I should like to highlight those.

First are the measures relating to small business. Small and independent business entrepreneurs are crucial in an area like Assiniboia. In that part of the country we have none of the great industrial giants or multinationals but we have a great many small independent businessmen who form, with farmers, the economic lifeblood of the villages, towns, cities and rural communities of Assiniboia and a great portion of the prairie west.

That is why I am glad to see this bill put forward a series of tax changes in at least ten different areas which will be of direct benefit to small business operators. It is not a complete package. It will have to be complemented by such measures as the CALURA amendments to ease the paper work for small businessmen and a variety of measures which the government has outlined not only in this debate but on past occasions. This legislation will require a good deal of complementary legislation.

But this bill will materially assist small businesses in the constituency of Assiniboia by improving the fundamental financial environment in which they operate. It represents a very sound and good beginning on a variety of changes with respect to small business. As the work follows this beginning, as it must and will, I expect businessmen in my constituency will have a great deal of good advice to offer on where the small business policy for Canada should lead us. In that connection I think there are a number of ways in which they can offer advice and have input into the policy formulation process.

The establishment of a special ministry with responsibility for small business is a great development, but there are two other ways in which small business operators in my part of the country will have the opportunity to present ideas and opinions and have an influence on the direction of Canadian small business policy.

The first way they will have that input is through the Canadian Federation of Independent Business. A great many business entrepreneurs in Assiniboia are members of that organization. I believe that it is largely a representative group. It is the first nationally organized voice of small and independent business operators in this country. They have done a great deal of work to prepare themselves and prepare the cases they want to make to government as a group of businessmen with particular problems and particular opportunities. I believe, by and large, they have approached their task in a constructive and positive way. That organization has a great role to play in the future in helping government develop the appropriate kinds of rules and policies with regard to small business operations.

● (1807)

In this regard, I was attracted the other day by a comment on a news broadcast by the president of the Canadian Federation of Independent Business, Mr. John Bulloch. He was commenting shortly after the speech delivered in this House on October 20 by the Minister of Finance on the economy which, of course, is embodied to a certain extent in the legislation before us.

Probably more important than the opposition's rather political commentaries on the economy are the reactions of those Canadians who actually have to make the economy go. In this connection a significant statement was made just a few days ago by Mr. Bulloch.

In reacting to the Finance Minister's October 20 statement, Mr. Bulloch had a rather extensive comment to make. He talked about the statement in the House of Commons on October 20 as being a realistic statement. He called it an honest statement. He talked about the will of Canadians to tighten their belts and get back to work. He predicted confidently in the course of the coming year that economic conditions in this country, as a result of this economic statement and other measures, are likely to show considerable improvement. In contrast to what we hear from the opposition, Mr. Bulloch's comments were sound, practical and constructive. They will do a lot more to help than the kind of ranting we hear from across the way.

[Mr. Goodale.]

Second, in addition to their involvement in organizations such as the Canadian Federation of Independent Business, which is a very useful and constructive group, for the business operators of Assiniboia constituency, I have another method in which businessmen in that part of Canada will have a direct way to have an input into the development of government policy in so far as it relates to small business.

Over the course of this past summer and fall I have been exploring the idea of developing within the constituency a working committee of businessmen who would be in a position to review in an ongoing way the laws, rules, and regulations which relate to their operations. In a practical and specific way they could point out to me, and through me to the government, the ways in which they think those laws and rules and regulations could or should be changed in order to meet more practicably the particular needs of their small business enterprises.

I think, with a working group of businessmen operating in such a specific and constructive way, passing their views along to the government, we will have a very basic expression of opinion about what our policy ought to be. Such an exercise would have a rather significant impact on helping to direct government policy in that direction. I have had the opportunity to discuss that idea with both the present and the previous minister responsible for small business in the government. I believe both ministers are prepared and are indeed anxious to co-operate in an effort of that kind. When circumstances present themselves in this regard, the Minister will hear in a first-hand manner their ideas and suggestions for government policy.

As far as the present bill is concerned, there are two specific elements relating to small business, and as well to farmers, which I want to highlight in particular. First, there is the extension and the expansion of the investment tax credit. We saw in the March budget, and it is repeated in the legislation before us, the extension of that tax credit on investment provision for another three years. We have seen an increase from 5 per cent to 7½ per cent on investments in my part of the country. We have seen the percentage adjusted to take into account the regional sensitivities of the country. It is an example of how federal policy takes regional disparities into account so the available tax credit can be at different percentages in different parts of the country, depending upon the regional developmental opportunities and challenges which exist.

This example of tailoring or finetuning this legislation to take into account the differences between different regions is a very useful and positive development. It is one which I hope will be repeated in a whole variety of federal programs which require sensitivity to differences between one region and the next.

● (1812)

We saw another example of this not long ago in the unemployment insurance legislation which was before the House earlier this year. A number of changes were made in the unemployment insurance program, one of which was to fine-tune the national program to correspond to regional variations across the country. That was a positive thing to do in terms of making the unemployment insurance program more sensitive to regional differences, and in that sense a program with more practical effect.

We have seen as well, in the course of the last few months, a substantial upgrading of the unemployment insurance program in administrative terms. We have seen the law itself strengthened. The program has been tied more closely to a person's work record, and the whole impact of this kind of development has saved hundreds of millions of dollars for taxpayers across the country. The regional sensitivity of the program, or the effort in law to make it more sensitive was a part of that whole approach.

Bearing in mind the importance of the regionally sensitive tax credit, which is contained in this legislation, I think the House would be well advised to deal with it quickly. I say this because the legislation is of importance to a great many Canadians who want to see it on the books as quickly as possible. I, for one, have received many calls and inquiries about it from people who urge the House of Commons, through me, to get on with the bill. I applaud that measure, as do my constituents. We want to see it passed as quickly as possible.

From a personal point of view I would like to see the investment tax credits go further than is proposed in the legislation. This is an idea I should like the Minister of Finance to consider. I should like him to extend the coverage of the investment tax credits beyond the purchase of new productive facilities so as to apply not just to new investment but also to investment in such items as used farm machinery. I realize this would broaden the principle, but I believe it would constitute a worth-while change to make at this time. It would be especially timely in light of the western Canadian farm situations, because farm costs are particularly high at present and they continue to rise. Used equipment is now more attractive than it has been in the last two or three years. Moreover, many farm machinery dealers have growing inventories of used farm machinery on hand and they see the provision of an investment tax credit on used equipment, as well as on new equipment, as a means of balancing their inventories and enabling them to take greater advantage of the business opportunities presented to them.

In this regard there is a parallel if not identical precedent in the United States which we might consider following. In that country a provision of the kind I have suggested does apply to purchases of used machinery and equipment, as well as to new purchases. This is an extension of the principle which I believe we could usefully apply to Canadian law.

The second item before us in this bill which I should like to stress as being of key importance to small businessmen and farmers is the provision relating to capital gains tax. Up to the present the law has tended to stymie business or farm consolidation or reorganization. Take the case of a farmer who has all his land holdings in one particular area, except perhaps a quarter section which is located some distance from his main operation. If he were to want to sell that far quarter in order to reinvest in a quarter of land closer to his main operation he would find difficulty in doing so because on selling the far quarter the money from that sale would become subject to capital gains tax and he might not then have the cash necessary to invest in the land he wanted to buy nearer to his operation. Therefore that kind of consolidation of farm holdings was made very difficult. The same principle would apply to a small businessman who wanted to reorganize or consolidate some of his business holdings.

● (1817)

The provision contained in the March budget and repeated in the bill now before us takes that situation very clearly into account. It allows a farmer or small businessman to avoid payment of tax on the first sale, so long as the proceeds of the sale, to use my example of the quarter of land, are reinvested in the farming or business enterprise. That seems to be a very useful development so far as our capital gains tax law is concerned. The principles apply equally to small business. I think it represents an important improvement in the way our capital gains tax law has impacted unfavourably upon people who are engaged in this kind of enterprise.

It seems to me we have made progress in recent years in modifying the impact of capital gains tax law in certain specific cases. We have the rollover provision to protect against capital gains tax on family farms, which is certainly a desirable provision in our law. We now also have the provision I have just described, the proposed change to ease the burden on farm and small business reorganization and consolidation.

There are three other ideas into which I will not go into detail at this stage for lack of time but which I should like to mention briefly. They are ideas which I hope the government will consider as it gives continuing attention to the impact of our capital gains tax law in Canada. Again they have particular reference to small business operations and farming operations, and I hope they will be rather carefully analysed.

The first proposal that might be considered to ease the burden of capital gains tax on these two groups of Canadians is the possibility of indexing the valuation day value in cases where the capital asset involved on valuation day, which was seven or eight years ago, was at an artificially depressed value. Certainly that is the case with farmland in western Canada and with a great many of the small businesses in western Canada which rely very much on the farm economy to determine the health of their own enterprise. If the farm economy is depressed, it is likely that values and the business strength of small business operators are likely to be depressed at the same time.

Therefore I think you can make the argument that at the time of valuation day seven or eight years ago the capital

assets of small businessmen and farmers in Canada could have been at an artificially depressed level. I think there is some argument to be made for indexing that value so as to bring it up to a more realistic level, thereby reducing the capital gains tax liability of farmers and small businessmen.

The second idea I have would be the possibility, which has been discussed in this House on other occasions, of a once-in-a-lifetime transfer free of capital gains tax, or at least with a reduced capital gains tax, for farmers and small businessmen. I think their enterprises are sufficiently unique and different from other enterprises in this country—certainly they are sufficiently important—to warrant the serious consideration by the government of a proposal of this kind. It would not encourage speculation or any of the other evils which the capital gains tax law is attempting to deal with if such a tax free once-in-a-lifetime provision were made. I hope that this is an idea that will receive careful consideration.

My third idea is the possibility of treating the capital investments of farmers and small businessmen just like investments which individuals can now make in such things as registered retirement savings plans. There is a serious argument to be made for the proposition that farmers or small businessmen who invest in their farm or business are making an essential capital investment, and therefore they do not have the same liquid cash to consider investing for their retirement years. Bearing in mind the unique positions of farmers and small businessmen, their investment in capital assets to make their farming enterprise or small business succeed should be treated in a similar way as investments in registered retirement savings plans are treated, and thereby, to some extent, they would be able to avoid the impact of capital gains tax.

● (1822)

These ideas obviously require greater elaboration and discussion. I present them as suggestions which I hope will receive careful attention. They are justifiable cases which can be made with respect to farmers and small businessmen. I hope the government will give them careful attention in the future.

The thrust of this bill is positive and constructive. It will assist Canadian economic performances in relation to small businesses, farms, and a variety of other areas about which I do not have the time to go into in detail at the moment. The examples I have cited in detail are adequate to justify the expeditious passage of this legislation through the House of Commons.

I should like to conclude with a word or two on government spending restraint and federal government spending priorities. All of us in the House support the principle of restraint in federal government spending. It is an easy principle to espouse, but it is a far more difficult principle to implement. It is a very crucial principle, and I believe the federal government will continue to make substantial progress in the implementation of it. The federal commitment to spending restraint is real and it is working. There are examples which could be cited for hours on end. The supplementary estimates tabled in the House of Commons today corroborate that the federal effort in spending restraint is a real effort and is working.

When a commitment is made to spending restraint, there has to be a selection of priorities as to where the limited number of federal dollars will be spent. That makes the selection of priorities a very tough and delicate job. I am pleased to see numbered among the highest of our priorities in this government some crucial western projects. The list is a rather extensive one, and at this stage I should like to refer to four of them. The ones I will refer to have a direct impact upon the constituency of Assiniboia. In the context of spending restraint at the federal level, they represent a continuing and important commitment to the economic interests of the western part of this country.

I am thinking, first of all, of the purchase of grain hopper cars. That was completed just this fall, to the tune of some $255 million. It was a very major undertaking by the government and a substantial investment in that type of activity, namely, the movement of prairie grain, which is fundamental to the west. That commitment has been made by the federal treasury in the context of the restraint program.

Second, I should like to mention the maintenance of the Canadian Wheat Board's initial payments on grain at largely the same levels as those existing in the last crop year. It was done despite this year's somewhat uncertain market circumstances, when some were arguing that the initial payments ought to have been lower. The government did not agree to those suggestions, and the initial payments for the current year were maintained at the previous levels. This is an important commitment of federal dollars to support grain incomes in western Canada.

The third measure I should like to mention, which runs parallel to the issue about initial payments, is the fundamental western commitment by this government in the form of the western grain stabilization plan. This plan is an enormous cash undertaking to farmers as individuals, and also to the over-all western economy. It has been said many times that a pay-out is a distinct probability for the current calendar year of 1977. A pay-out in this particular calendar year and in future calendar years in very major proportions at just those moments in time when the western grains economy needs that kind of cash injection, is a very significant kind of financial and fiscal commitment the Government of Canada has made with respect to western Canada. It has made it even in the context of an over-all restraint program, and that makes the commitment much more significant.

● (1827)

Finally, I would like to mention a program which began just this fall in western Canada, but it will accelerate more and more next year as we see it going forward. I am particularly referring to the major federal program of rail rehabilitation all across western Canada. There is not a more fundamental aspect to the economic welfare of the west than the issue of transport, and the question of grain transport in particular. In the past we have had a very difficult grain transportation

situation as rail equipment and roadbeds themselves were deteriorating year after year.

The Government of Canada has recognized a very fundamental commitment to inject federal dollars in investments to upgrade the rail system across the prairie west. In the first 18 months or so, beginning a couple of months ago, and continuing until the beginning of 1979, the federal treasury, again in the context of the restraint program, will contribute something in the order of $100 million to that rail rehabilitation program in order to develop our transportation spines into first class condition all across the prairies. That, of course, is coupled with the ongoing operating subsidies which the federal treasury has paid in the past and will continue to pay into the future.

When we consider the total cost of specific rail rehabilitation and development on the one side, plus the operating subsidies on the other, during this period of restraint, there is a federal commitment to rail rehabilitation and operation in western Canada of something well over $200 million. This is a very important commitment to be made to a fundamental part of our economic well-being in the western part of Canada.

Those are four priorities which I am glad to see high on the federal government's priority list in terms of the spending initiatives we will have to take. In the context of restraint the selection of priorities is a very tough, delicate and difficult job, and in that context particularly I am pleased to see those kinds of important western projects going forward, to the advantage of the grains industry and the entire economy of western Canada.

Those are some thoughts and ideas I as a western representative have had about the thrust of government financial policy generally and with relation to this bill specifically. I simply repeat once again what I said at the outset: it is important to Canadians that this legislation be passed as early as possible.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, may I call it 6.30?

Mr. Deputy Speaker: It being 6.30 p.m., this House stands adjourned until two o'clock tomorrow afternoon, pursuant to Standing Order 2(1).

At 6.30 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Thursday, November 10, 1977

The House met at 2 p.m.

● (1407)

[*English*]

REMEMBRANCE DAY

REFLECTIONS ON FIFTY-NINTH ANNIVERSARY

Mr. Speaker: Order. By virtue of the special order of the House made earlier this month, the hon. Minister of Veterans Affairs (Mr. MacDonald).

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I remind hon. members and all Canadians that tomorrow, November 11, is Remembrance Day. Tomorrow will mark the fifty-ninth anniversary of the ceasefire of the first World War. I suggest that we pause a moment to reflect on the bravery and sacrifices made by Canadian men and women in that holocaust, and in the second world war and the Korean conflict. Our feeling for them is deep and humble.

More than 100,000 Canadian soldiers, sailors and airmen and women served together and died for that ultimate goal, the goal of preserving our democracy and our country. In these days, when many Canadians are concerned about the unity of our country, it is well to remind ourselves of those who gave their lives for its survival. These men and women fought, not for personal gain, nor for glory or for conquest. They fought for their homeland. This was their love. Duty was their creed. Truly they are Canada's heroes.

I would like to remind hon. members of the biblical reference engraved on the memorial arch which connects the Veterans Memorial Buildings here in Ottawa:

All these were honoured in their generations and were the glory of their times.

We, as Canadians, have a special obligation to perpetuate the memory of those who gave their lives for Canada. Let us, in our time and in our way, be worthy of them.

Mr. Speaker, before I conclude my remarks this afternoon I would like to read something that was sent to my office a few days ago by a young Canadian friend. It is entitled "A Prayer for Today", and was found among the effects of a Canadian infantry sergeant who perished outside Ortona in Italy on a day in December, 1943. It reads:

Today a bird sang for me. Today I leaned against the strong trunk of a living tree. Today a little lizard ran across my hand. So I am not alone. When I get back to Canada I'll remember this. I will cherish all of life, for all life is really one. I will never again be a destroyer, though that is what man is. This is my dream, that we will learn to live in harmony, not between man alone, but with the whole living world.

Let us, the living, keep the faith of this Canadian sergeant, so that the incentive of this day may speed us onward and toward a better world of peace, freedom and justice.

Some hon. Members: Hear, hear!

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, on behalf of my party and my leader I join with the minister and all colleagues in the House of Commons in paying tribute to our fallen comrades today, prior to the Remembrance Day ceremony which will take place tomorrow at our national memorial in our proud capital city.

In this time of uncertainty, it should be remembered that some 63 years ago thousands of young Canadian citizens answered the call of the then government of the day to volunteer to go to far off lands, to offer their lives, and in too many cases to give those lives, to preserve peace and freedom, not for Canada alone, but to help protect our allies, whose problems must have been difficult to comprehend.

But it is obvious that their efforts were in vain, for on two future occasions, during the second world war and the Korean War, more of our young men and women again answered the call because our world leaders could not preserve that peace and freedom which we as Canadians treasure so dearly.

However, the passage of time has now brought about a generation for whom World War I has become very remote, and for whom even the other conflicts have no meaningful place in their experience. It is incumbent upon us, we who sit in this hallowed House of Commons, many of us veterans ourselves who experienced the bitter taste of war, to remind ourselves that we are charged with the responsibility of ensuring that some 100,000 veterans who died did not die in vain. And we must continue in our efforts to preserve peace, a measure of prosperity, and above all national unity, because of our commitment to the veterans of Canada.

It is tragic, however, Mr. Speaker, that in this year 1977, while hundreds of thousands of our citizens will attend ceremonies across this land to honour and to pay homage to those who made the supreme sacrifice to preserve Canadian unity, we are threatened with national disunity from within our great country, a threat to our freedom that breaks faith not only with those who fell, but with those who remain, the maimed, the disabled, and those dependents who must wonder today, was their sacrifice in vain.

● (1412)

We can only hope that Remembrance Day, 1977, will instill in the hearts of those minorities, those who are taking this country for granted, those who attempt to fracture a way of opportunity and a quality of life brought about by the suffering and sacrifice of Canadians regardless of race, creed or colour, a reminder of the fact that these men fought together

for unity in our nation, not as English or French or any other race but as proud Canadians.

To this end, we must dedicate ourselves today because we must continue to believe in peace and freedom and because we will continue to remember them.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on behalf of the New Democratic Party I join with the Minister of Veterans Affairs (Mr. MacDonald) and with the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) in noting that tomorrow is Remembrance Day and that we do well to pause and reflect on its meaning.

I should like to emphasize that what we do on a day such as tomorrow is to remember actual persons who paid the supreme sacrifice or who willingly gave everything they had. In that connection I am sure all members of the House will join with me in paying special tribute to the services rendered by the two previous speakers, the Minister of Veterans Affairs and the hon. member for Humber-St. George's-St. Barbe.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): In recognizing their service in World War II we are recognizing the service of all those in all the wars in which this country has been involved, and we pay tribute to that service.

I may say that the minister also brought this matter home to me in a rather personal way when he read a message left by a Canadian infantry sergeant who perished outside Ortona in the latter part of 1943. I say that because it so happens that a close relative of mine, a Canadian infantry private, perished in that same area in the same year. These are the people we are thinking of today, not some vague unknown mass, but actual humans who gave their lives and who served, and it is appropriate that we remember them.

Sir, I am very conscious of the traditions that apply to statements on ceremonial occasions. I am conscious of the niceties that we observe, and, while this is not an occasion for argument or for making points, like the hon. member for Humber-St. George's-St. Barbe, I wish we were remembering those who died and accordingly their survivors more concretely. I wish we were remembering those who lived and paying tribute to their service by something more than the words we are uttering today and the ceremonies in which we shall participate tomorrow.

There is a need to deal with certain matters respecting our veterans, such as the amount of the disability pension and what we do for their widows as well as others who have been forgotten. I would have felt much happier participating in these remarks today had the agenda for this session included a commitment by the government to deal with some of these matters that are unfinished business so far as our veterans are concerned. I hope by saying that on this occasion, whether or not it is appropriate, will help to convince the government that something ought to be done about these matters in this session of parliament. In any case, we welcome the fact that we have these few moments in which to remember those who died, and those who served and are still with us. In the tradition of Remembrance Day, we say from our hearts, we shall remember them.

● (1417)

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I am quite pleased to join the members who have so eloquently spoken about the bravery of those who fought during the wars which caused deep concern throughout Canada and created gaps in many families. I know that November 11 evokes the memory of a painful past, of Canadians of all ethnic origins who fought side by side and died together. They are resting together in the cemeteries of the various countries which they helped to liberate. Canadians in every region of the country should pay tribute to their memory by trying to improve living conditions in Canada.

We need understanding and mutual respect as we need to feel united. The poppy which we are wearing reminds us of that feeling of fellowship experienced during the war. It also suggests to us the grand task to be performed in close co-operation—to build a united and strong Canada. The Canadians who died believed in a better future. It rests with each of us to direct our efforts in that sense. We all tend to forget that in 1914 and 1939 two world wars covered Europe and Asia with blood and millions of lives were lost. Thank God, each time our country was spared, but some of our relatives and friends did get killed on the various battlefields. Indeed, each time the Canadians crossed the Atlantic and displayed bravery and courage. Some of them were even great heroes.

But those heroes and their feats of arms are a thing of the past. Somehow, we tend to forget too readily the sacrifices made during that period of our history.

On November 11, let us at least have a thought for those who were killed in action, for those who were massacred senselessly, for the innocent victims of bombings. Remembrance Day should make us aware that those victims gave all Canadians who would follow them a further cause for pride.

ROUTINE PROCEEDINGS

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PROPOSED REFERENCE TO COMMITTEE OF ALLEGED ILLEGAL ACTIVITIES—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, in view of the endless series of allegations of illegal acts and the difficulty which the McDonald Commission will have in meeting those quickly and swiftly, and because of the crucial

importance of the evaluation of the government's mandate and the terms of its mandate with respect to security services, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That a special committee of this House be established to consider the violations of the law by the security forces of Canada, the question of ministerial responsibility in relation thereto, and the suggestion by members of the government that the law should be changed to give wider latitude to security forces;

That 20 members, to be named at a later date, act as members of the said committee, with a member from one of the opposition parties as chairman;

That the said committee have the powers to send for persons, papers and records and to examine witnesses; to sit during sittings and adjournments of the House; to report from time to time; to print such papers and evidence from day to day as may be deemed advisable; and to engage such legal counsel and other staff as may be considered necessary; and

That the committee report by March 31, 1978.

● (1422)

Mr. Speaker: According to the provisions of Standing Order 43 such a motion can be presented at this time for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

SUGGESTION McDONALD COMMISSION MAKE INTERIM REPORT—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, considering that revelations occurring now, unfortunately almost on a daily basis, indicate that more alleged illegal activity by the RCMP is being undertaken than was originally thought possible, considering that the same revelations clearly indicate political accountability for these activities is required and considering that members of the House of Commons have a serious obligation to deal with other pressing matters in Canada, particularly the state of the economy, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the government to request formally the royal commission investigating the RCMP and its criminal wrongdoing to make an interim report not later than January 31, 1978, and second, that the terms of reference of the royal commission be changed to include an additional clause (d) which would read:

"To investigate and report on the adequacy of accountability procedures designed to ensure effective authority over the RCMP and the adequacy of recent solicitors general in exercising their constitutional obligation in terms of the operation of their department."

Mr. Speaker: According to Standing Order 43 the presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

RCMP

AIRPORTS

SUGGESTED REFERENCE TO COMMITTEE OF LAND EXPROPRIATION FOR PROPOSED PICKERING FACILITIES—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I too rise under the provisions of Standing Order 43. Three families at Pickering have been served eviction notices effective November 16 unless they surrender their leases to the federal government. They are willing to do this, plus payback rent owed from May, 1975, on the condition that the federal government advise them of the exact amount of government court costs they owe resulting from a court order. In light of this and other inequities which have arisen in connection with the expropriation of lands in the Pickering area, I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That the matter of the Pickering expropriation be referred to the Standing Committee on Transport and Communications in order that the minister may appear and clarify all outstanding issues, and further that the Minister intervene immediately to ensure that a fair settlement is negotiated on behalf of those families directly affected by this eviction notice.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

SUGGESTED TABLING OF ALL DOCUMENTS CONCERNING ALLEGED SUBVERSIVE ACTIVITIES OF FLQ—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, pursuant to Standing Order 43, I request the unanimous consent of the House to propose a motion dealing with an important and urgent matter.

Since the revelations of the Solicitor General (Mr. Fox) concerning illegal activities of the RCMP in 1972 and 1973 seem to result from the Keable commission; since those revelations prove the urgency of cleaning up police activities; since the situation is such that the people no longer know on which side there was subversion in 1970 and even wonder what kind of protection the country is giving itself under the pretext of state security; since it would be preferable for the government itself to set up a revealing inquiry rather than waiting for journalists and the people to act, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the Solicitor General table in the House all documents pertaining to the activity of the special RCMP committee entrusted with detecting the subversive activities of the FLQ before, during and after the October 1970 crisis.

Mr. Speaker: Pursuant to Standing Order 43, such a motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

Mr. Speaker: Perhaps hon. members will agree that in the circumstances it would be appropriate to extend the question period until ten minutes past three.

ORAL QUESTION PERIOD

[*English*]

CANADIAN BROADCASTING CORPORATION

SUGGESTION BY SOLICITOR GENERAL CORPORATION BUDGET BE CUT—GOVERNMENT POSITION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Secretary of State of Canada, who is responsible in this House of Commons for the Canadian Broadcasting Corporation. I would like to ask the Secretary of State whether his colleague the Solicitor General was speaking for the government and stating government policy when he said last night in Greenfield Park the CBC, and I quote:

[*Translation*]

. . . has so much money it does not know what to do with it and that at some point its budget should be reduced.

● (1427)

[*English*]

Hon. John Roberts (Secretary of State): Mr. Speaker, I want to thank the Leader of the Opposition for his courtesy in indicating to me that he would raise this matter in the House. I think I can reply quite clearly to the hon. gentleman, that in speaking, the Solicitor General may very well have given his personal assessment or comments on the CBC coverage, which is the right of every Canadian. There was not, in my opinion, any indication of a possible threat in the Solicitor General's words. In any case, I can assure the hon. gentleman it is not a question of the policy of the federal government in relation to the way in which the CBC performs its news covering activities, since the CBC is responsible through the Broadcasting Act to the indications which the House of Commons itself has proclaimed for the way in which it will undertake its activities. It is not the activity of the federal government to direct the CBC or lay down indications of how it can perform that duty.

Mr. Clark: A supplementary question, Mr. Speaker. The statement that I read into the record and the additional statement of the Solicitor General in relation to investigation into security matters, to wit:

[*Translation*]

. . . I feel that the CBC unduly exceeds its terms of reference . . .

[Mr. Speaker.]

[*English*]

are clear statements by the Solicitor General, who is not just an ordinary Canadian but a member of the Cabinet of Canada and responsible to this House. I think the minister will agree that it would be a reasonable interpretation of the remarks by that minister that they were a threat to cut the funds of the CBC if the CBC did not stop investigative reporting into allegations regarding the security service. The Minister of Industry, Trade and Commerce is correcting my French, Mr. Speaker.

Some hon. Members: Oh, oh!

Mr. Horner: That is quite possible, too.

Mr. Clark: Given that interpretation, will the Secretary of State now stand in his place, as the minister who reports to this House on behalf of the CBC, and repudiate the threat that was clear and implicit in the statement by the Solicitor General? Will he do that now?

Mr. Roberts: Mr. Speaker, first of all I want to genuinely congratulate the Leader of the Opposition on his efforts to master French in which I think he has been successful.

Some hon. Members: Hear, hear!

Mr. Roberts: Secondly, I hope I do him no disrespect in saying that I seem to recall a few months ago that his wife expressed some disapproval for the way in which the media were covering her husband. She thought their approach was excessive or not accurate. It did not occur to me to think she was in any way trying to intimidate the news media any more than I think the expression of personal opinion on the part of the Solicitor General was any kind of threat.

If I may say so, to be exactly precise in relation to the question of the Leader of the Opposition, it may be that the CBC, as indeed a variety of agencies that are under the wing, as it were, of the Secretary of State, may face budget cuts as a result of the government's restraint program. I do not say cuts in terms of what they received last year but cuts in relation to what they hoped to have for their activities. I can assure the hon. gentleman that this question has no relationship to any consideration or attempt to limit or affect or influence or determine the way they perform their duties.

Mr. Clark: Mr. Speaker, I leave the minister to live with his words. He has now said there will be, or very well could be, cuts in the budget. He tells us they will not be related. The Solicitor General last night, in words whose accuracy have not been questioned apart from the hon. member for Crowfoot—

● (1432)

Some hon. Members: Oh, oh!

Mr. Clark: —said that he believes when the CBC carries out what amounts to a parallel inquiry of what is carried on by the McDonald royal commission, then he as a minister of the Crown of Canada, not a spouse of a member, believes that

their budget has to be cut. I personally am deeply concerned about the implications for free press. I wish the minister would rise in his place and completely repudiate that statement by his cabinet colleague and make it very clear that there will be no cuts.

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, with regard to budget cuts and so on, when I was President of the Treasury Board I heard many times from members on the opposite side that the first organization we should look at with regard to cuts was the CBC.

Some hon. Members: Oh, oh!

Mr. Chrétien: The Leader of the Opposition is wrong when he says that the Secretary of State indicated there will be some cuts. He said, and I want to confirm it, that at this time every department of the government is being reviewed. CBC is being reviewed. The government must decide with regard to CBC as with every other organization of government how much more money they will have next year. CBC will be subject to the same decision by cabinet as any other department or agency of this administration.

Some hon. Members: Hear, hear!

Mr. Clark: What we have here is an indication, now confirmed by the Acting Prime Minister, that there may very well be cuts in the budget of the CBC and those cuts are in the context of clear threats by the Solicitor General.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

SUGGESTION CORPORATION SHOULD NOT CONDUCT INVESTIGATION PARALLEL TO THAT OF McDONALD COMMISSION

Mr. Joe Clark (Leader of the Opposition): My question to the Acting Prime Minister relates to another very clear implication from the statement last night by the Solicitor General. The Solicitor General implied very clearly that because there is a royal commission of inquiry into allegations regarding security services in this country, the free press of the country should stop its own investigation. Is that the policy of the government of Canada?

Hon. Jean Chrétien (Acting Prime Minister): On the first part of the question, Mr. Speaker, we never mentioned cuts. I spoke about the increase in the budget of CBC next year over this year, like every other organization. I wish to tell the House that discussions are going on with the CBC and every other organization of government with regard to the budget for next year. This has been undertaken by the President of the Treasury Board and has been going on for many weeks. Since August there have been many meetings between the President of the Treasury Board and all these organizations. Therefore, there is absolutely no relation. If there is any relation, it is in the mind of the Leader of the Opposition who is just trying to ride to power on the back of the RCMP.

Some hon. Members: Oh, oh!

McDONALD COMMISSION—SUGGESTED ADDITION TO TERMS OF REFERENCE AND INTERIM REPORT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is to the Acting Prime Minister. Serious allegations of criminal wrongdoing have reached almost veritable flood proportions. In the past 48 hours we have had Operation Cathedral, Operation 300, the very unwholesome spectacle of two ministers of the Crown not knowing 24 hours ago what was going on and the other spectacle of coming into the House and one minister having known about it yesterday and the other not. Considering the very serious matters facing the people of Canada which ought to be brought before the House of Commons, will the Acting Prime Minister on behalf of the government commit the government to request that the royal commission which is investigating the RCMP bring in an interim report not later than January 31, 1978? Second, will the terms of reference be expanded to include the question of political accountability specifically?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, that is a positive suggestion by the leader of the New Democratic Party. We will be looking into that. If it is possible, I think it would be desirable to have an interim report as quickly as possible.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I notice the Minister of Justice rushing over. I hope this will not be a case of the government changing its policy during this question period. I appreciate the Acting Prime Minister's serious response to the question. However, I want to be sure that the two aspects of the question are clearly understood. Not only will we get an interim report by the end of January next year but, secondly and crucially, if we want to get rid of the day to day concerns that we on this side of the House appropriately have when matters are presented every day in the press, that the issue of political accountability, essentially to the whole structure of parliamentary government, be specifically referred to in the amended terms of reference. I say that in a serious way because the Solicitor General in previous answers indicated he had no objection to that. If there are no objections, I would like the Acting Prime Minister to commit the government to include that as a specific amendment to the terms of reference.

[*Translation*]

Mr. Chrétien: Mr. Speaker, the government feels that the terms of reference of the McDonald Commission are broad enough to cover every aspect of the problem which concerns the House at this time. If the commission wishes to report on the relationship which must exist between the RCMP, its security service and the minister responsible, it is free to do so,

in my opinion. There is nothing in its present terms of reference which prevents it from doing so.

[*English*]

Mr. Broadbent: Does the Acting Prime Minister realize that, from our point of view, this completely undermines the earlier answer? If they do not include a specific amendment to the terms of reference covering political accountability, we will be bogged down day after day as the two inquiries are looking into the matter. The journalists are doing their job bringing these matters to the attention of the public. We on this side have an obligation to raise it in the House. Therefore, the important question of problems in the Canadian economy will be ignored. We will be tied up with the wrong kind of issue at the wrong time.

Mr. Chrétien: Mr. Speaker, I do not agree with the interpretation of the hon. member. I have before me the terms of reference of the commission. Under (C) it states that the commission is authorized to look into matters regarding the policies and procedures governing the activities of the RCMP. In my opinion, that is enough for the commissions to report on an interim basis as quickly as possible on these problems. If the commission find that its powers are too limited, it can always get in touch with the government. So far, however, we feel there is enough power for this commission to bring about the result that all of us want to have in this matter.

NAME OF PERSON WHO STOPPED OPERATION CATHEDRAL—DATE MINISTER LEARNED OF MAIL INTERCEPTION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Solicitor General. Yesterday in the House the minister stated that the operation under the code name Cathedral involving mail interception had ended by June 1976 which, coincidentally, is about the same time the APLQ matter was exposed to the full light of day. Will the Solicitor General advise on whose authority it was that these illegal mail interceptions were discontinued?

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, in the answer I gave yesterday, I was referring of course to the opening of mail which actually came to an end in June 1976 following instructions issued to the security service by the assistant director general of operations of the security service.

[*English*]

Mr. Lawrence: The deputy director of the security service obviously knew that those mail interceptions were going on, otherwise he would not have had the knowledge to order them discontinued. If he knew about them in June 1976, is the minister telling us now that he did not learn of those mail interceptions at that time? If not, was the non-activity of the deputy director in not informing him of this mail interception to be considered as an obstruction of justice?

[Mr. Chrétien.]

• (1442)

[*Translation*]

Mr. Fox: Mr. Speaker, I know that the opposition is always ready to pass judgment and bring in verdicts of guilt hastily. As for us, we feel that all those matters referred to the inquiry commission which was set up to give people the opportunity to explain why such or such an action was undertaken.

I would point out to the hon. member, as I said yesterday in the House, that those activities go back several years in the records of the RCMP, and an attempt is now being made to condemn publicly the person who, at a certain time, decided to put an end to that.

[*English*]

NAME OF PERSON ABOVE DEPUTY DIRECTOR OF SECURITY WHO KNEW OF MAIL INTERCEPTION

Mr. Allan Lawrence (Northumberland-Durham): The minister knows, then, that the deputy director of the security services was aware in June, 1976 of the illegal interception of mail by the RCMP. Could he tell us who else, in rank above the deputy director, knew about this mail interception?

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, regarding mail interception, we have not been able to determine yet whether any higher authority than the one I have mentioned was aware of these activities at the time.

It is also obvious, Mr. Speaker, following the rather brief study of this case which has been done during the last two days, there is no indication that these practices were known to any minister or any higher authority than the one I mentioned.

* * *

UNEMPLOYMENT INSURANCE

ALLEGED REFUSAL OF CERTAIN FARMERS TO COLLECT CONTRIBUTIONS FROM SEASONAL WORKERS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is to the Minister of Naticnal Revenue.

For some time now I have been receiving complaints to the effect that a number of farmers in southern Ontario refuse to deduct unemployment insurance contributions and income tax from the wages of Canadian farm workers. Could the minister tell the House whether he has been aware of this situation and whether he intends to take the necessary steps to protect these seasonal farm workers?

Hon. Joseph-Philippe Guay (Minister of National Revenue): No, Mr. Speaker, it is the first time this situation is brought to my attention but if the hon. member for Abitibi would give me concrete facts about these complaints, I would undertake to investigate this matter with my officials and I will give him an answer as soon as possible.

Mr. Laprise: Mr. Speaker, I would like to ask a supplementary question.

Since those farmers are threatening to hire only Mexican workers if they have to comply with Canadian legislation, could the minister tell us whether foreign workers are bound by the same rules as Canadians or whether there are agreements between Canada and Mexico or Portugal providing that cheap seasonal labour can be imported?

Mr. Guay (St. Boniface): Mr. Speaker, I think the legislation concerning my department is very specific in that case. If there is anything else I might bring to the hon. member's attention, I would do so when I answer his question.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PROPOSED REFERENCE TO COMMITTEE OF ALLEGED ILLEGAL ACTIVITIES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Solicitor General. Aside from the difference of view with respect to the terms of reference of the commission, which I think could be settled by a willing Solicitor General enlarging them, does the hon. gentleman not agree that perhaps events have now overtaken the royal commission which, according to the chairman, cannot begin serious investigation work until January.

Some hon. Members: November!

Mr. Baker (Grenville-Carleton): Perhaps the Solicitor General owes the country the obligation of recommending the formation of a committee which could work quickly and properly and begin the process in this place. In these circumstances is the Solicitor General prepared to agree to the designation of a committee of this House as was suggested by me this morning and by one of his own hon. friends yesterday, the hon. member for Windsor-Walkerville, albeit on different terms, to bring the issue into the House of Commons so that the investigation could proceed in a way which would not interfere with the business before us with respect to other matters?

Hon. Francis Fox (Solicitor General): Mr. Speaker, the opinions of the hon. member and the leader of the New Democratic Party reflect, I suppose, a very strong desire on his side, indeed, on both sides of the House, to see the royal commission of inquiry begin its work as soon as possible. We are talking about matters which do, indeed, concern the national security of this country; we are talking about evidence which has to be taken under oath; we are talking about proceedings in the course of which witnesses have to be heard in detail with an opportunity provided for cross-examination, and I still believe that the proper forum is a royal commission of inquiry. However, in view of the strong expressions of opinion in the House today, I would wish to draw the attention of the chairman of the royal commission to what has been said in the hope that he will be able to get the inquiry under way earlier than has so far been indicated.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the question the Canadian people are really asking now, is: Who is in charge? Is it the government of the day which is in charge and which has neglected its responsibility with respect to the matter? Are these issues to go before a royal commission or is the place for the investigation not to be here where witnesses can be called, where evidence can be taken in camera, where witnesses can be cross-examined and the whole examination take place more quickly than anywhere else? Would the minister not reconsider his position with respect to his unwillingness to refer this matter to a special committee of this House, or, as his hon. friend has suggested, to the Standing Committee on Justice and Legal Affairs?

Mr. Fox: I listened to the hon. member and the leader of his party in the course of the month of June. On a number of occasions they made motions under Standing Order 43 recommending very strongly that a royal commission of inquiry be set up. We have heeded their argument to a certain extent. We were not convinced at that time that it was necessary, but later we became convinced it was necessary to establish some forum in which an impartial inquiry could take place into the practices and procedures of the security service. At the moment, the hon. member has reversed his stand completely. Three or four months ago he had complete confidence in a royal commission of inquiry. Today he says the matter cannot be properly handled by a royal commission. I wish he would make up his mind.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): The minister is quite right. In June of 1977, when we were not aware of a whole series of events, a royal commission did seem appropriate. Circumstances have now changed, however; there has been a long series of allegations of illegalities and in view of this change in circumstances, in view of the doubt expressed as to the credibility of the government and of the RCMP, I would ask the Solicitor General to seriously reconsider the position the government is taking and to look to a quick, and, I would hope, a reasonable and proper settlement in what is, after all, the highest court in this country, namely, the Canadian Parliament, as the proper place for an examination by one of its committees of all the issues involved here, because the bottom line of all this is the political and ministerial accountability of the government.

Some hon. Members: Hear, hear!

Mr. Fox: The hon. member has just stated that when he knew nothing about the situation he wanted a royal commission of inquiry. I think the real bottom line of this thing is the national security of our country.

Some hon. Members: Hear, hear!

Mr. Gillies: Don't you care about the people?

Mr. Stevens: Outrageous!

Mr. Gillies: You don't care about ministerial responsibility!

Mr. Fox: Mr. Speaker, there are a myriad of issues involved with this question which concerns the national security of our country. There are matters related to counter-espionage, there are matters relating to international activities within our borders and these are subjects which cannot be set out in a public forum without affecting unduly the security of our country.

Some hon. Members: Hear, hear!

Mr. Fox: I believe any reasonable Canadian would come to the conclusion that when you are dealing with matters of national security there has to be a degree of discretion which is not readily available in the House of Commons. We are not trying to hide anything at all. We have already stated we would place all the files of the RCMP at the disposal of the commission. I have also directed that all the practices and procedures of the RCMP be brought to the attention of the commission in a clear manner. I would think that is the proper way of handling matters which affect the national security of our country, and that is why I disagree with the hon. member.

* * *

● (1452)

POST OFFICE

ALLEGEDLY ILLEGAL OPENING OF MAIL—GOVERNMENT ACTION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. Yesterday the Postmaster General revealed in the House that he does not know what is going on in the security branch of his department with respect to the opening of the mail. The Solicitor General seems to be a little more forthcoming in the information he has given concerning these and other matters. Because these actions are clearly illegal, the hon. gentleman promised to investigate the subject further. Would he now give an updated report on these illegalities and also inform the House and the people of Canada, who are increasingly concerned over Canada's drift to police state tactics, what action he is taking to deal with the offenders?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, the comments of the hon. member which relate to police state tactics are surely not serious.

Some hon. Members: Oh, oh!

Mr. Clark: Are you kidding?

Mr. Blais: Yesterday, Mr. Speaker, I indicated to the House that I conducted an investigation with my security and investigation personnel and I had obtained information from them that there had not been any interception of the mails, which would be contrary to the Post Office Act. I indicated that to the hon. gentleman. I know there have been statements made by the Solicitor General and I am aware of the statements that have been made.

Mr. Clark: You are also repudiating them.

Mr. Blais: I ask the hon. gentleman to look at those statements, and if he can give me any indication that personnel of the Post Office have been involved in opening the mail and he can specify some instance or incidents, I would be glad to look into them.

I would indicate to the hon. gentleman, Mr. Speaker, that with the assistance of senior personnel within the Post Office I looked into every potential allegation, such as the one which was made on one radio station in Ottawa this morning, to ascertain whether there is any ground upon which the allegations relating to interception of the mails can be made, and I ascertained, in that particular instance and in other instances, that there are no grounds for those allegations, to the best of the information of my security and investigation services.

Mr. Dinsdale: Mr. Speaker, it is obvious that the Solicitor General has information which is not available to his colleague, the Postmaster General, and I hope the two of them get together on this vital issue. The Postmaster General has indicated that there are 14 ex-RCMP officers on his security staff. Has the hon. gentleman assured himself that they are not part of Operation Cathedral, pursuing their illegal operations in the Post Office without reference to the Postmaster General; and does he not believe—

An hon. Member: We have one on this side too, if you really want to know.

Mr. Dinsdale: Just contain your patience over there. I am addressing this question to the Postmaster General, not to the Minister of Employment and Immigration. Does the Postmaster General not believe that under our system of responsible parliamentary democracy he has responsibility for ensuring that all operations of this kind are within the law; and will he give the assurance to the House and to the people that this is the way affairs are being conducted by the government?

Mr. Blais: Yes, Mr. Speaker, but I undertake my responsibility as a minister more seriously than the hon. gentleman takes his responsibility as critic of the Post Office for the loyal opposition. I conduct investigations into matters than can be investigated. I do not proceed by smearing the reputations of individuals and by imputing guilt by association, especially when that association arises out of the service of Canadian citizens with the RCMP, which is a federal police force which is indeed one that is worthy of our respect and is serious in the analysis of its procedures.

That is why I am conducting those investigations, and I will attempt to do so with every effort I can make, mindful of the role that the Post Office will have to play before the McDonald Commission when we are called upon to appear before that commission. It is fully my intention to do everything within my power to ascertain as many facts as possible in regard to procedures which the RCMP might have followed in

connection with employees in the Post Office in order to be of assistance to that particular commission.

Mr. Dinsdale: A further supplementary question, Mr. Speaker. It is precisely for this reason, that the responsibility be placed where it lies, which under our system of government is with the government, that I am asking these questions. Will the Postmaster General accept his responsibility and acquaint himself with the facts, which he indicated he was utterly ignorant of yesterday, and assure the House that he will accept responsibility; and will he also assure the House that the affairs of the Post Office are not being conducted illegally? I am not talking about the responsibility of his security personnel but his responsibility. That is the point.

Mr. Blais: Mr. Speaker, if the hon. gentleman had cared to listen to my comments yesterday, I undertook that responsibility very seriously in replying to the hon. member for Saskatoon-Biggar, and I am fully intent, Mr. Speaker, on doing exactly that. Again the hon. gentleman refers to "facts". If the hon. gentleman has facts which might help me in my investigation—

Mr. Clark: Ask the Solicitor General.

Mr. Blais: —I would be pleased if he would make them available to me. I just wish the hon. gentleman would pay some attention. I also indicated yesterday that indeed I recognized that it will be difficult for me to conduct an investigation inside the Post Office unless I receive information from the RCMP. That information has been requested and I am still awaiting a reply from the RCMP.

* * *

ROYAL CANADIAN MOUNTED POLICE

METHOD USED TO INTERCEPT MAIL—DATE MINISTER LEARNED MAIL WAS OPENED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Solicitor General. Yesterday the Postmaster General stated that there could be no interception of the mail without the authorization of the security and investigation branch of the Post Office. On the same day the Solicitor General admitted that under the RCMP code name, "Operation Cathedral" letters had been opened. What I want to ask the minister is, firstly, was Operation Cathedral carried on with the authorization of the postal authorities? If it was not, how was this interception carried on? Can the minister confirm whether or not the RCMP have paid informants in the Post Office who intercept mail and pass information on to the RCMP, or what other method is used to intercept mail without the authorization of the Postmaster General's department and in violation of the Post Office Act?

Hon. Francis Fox (Solicitor General): Mr. Speaker, what I indicated yesterday was that there was in fact some mail which had been intercepted and was opened by the RCMP on the security service side of the force. This is something that came to my attention—the opening of the mails as opposed to the monitoring of the covers or envelopes which has gone on. The question of the opening of the mail was brought to my attention yesterday and I have not been able to determine very clearly the exact nature of the people who are involved. That is one of the reasons I decided to refer the matter to the Attorney General of Canada for his opinion on the fact that there was indeed the opening of mail and, secondly, to the royal commission, in order that a complete investigation can be made.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. When the minister informed the House that there had been illegal actions on the part of the RCMP on several occasions, he said that his senior officials had assured him that there were no further illegal actions which had been perpetrated. Yesterday he told us that Operation Cathedral has opened mail, clearly illegally. I should like to ask the minister, in addition, when he first learned about Operation Cathedral, and if he did not know about it prior to the last few days is he then telling the House his senior officials lied to him when they told him there were no further illegal activities by the RCMP? Either the minister was misinformed by his officials or he is misinforming the House, and surely he owes this House an explanation of what disciplinary action he has taken if he has been lied to by those who advise him.

• (1502)

Some hon. Members: Hear, hear!

Mr. Fox: Mr. Speaker, I gave information to the House last June, as a matter of fact, when a question had been asked as to whether there had been any other illegal activities. It is quite clear that hon. members on the other side are willing to give very clear and very quick legal rulings on certain operations of the RCMP. Some of those operations I believe would require a very serious hearing before the courts to determine the legality or non-legality of them.

As to the question of the Cathedral Operation, the opening of mail, which is perhaps a more clear case than some of the others that have been brought to our attention, the first time I was advised of the actual opening of mail was yesterday during my conversation with the force. I was aware of other Cathedral operations which refer only to the question of examining the outside cover of an envelope. That is something I learned of on September 13 of this year. I believe that answers the question the hon. member has asked.

DISCIPLINARY ACTION AGAINST OFFICIALS WHO FAILED TO REVEAL ILLEGAL ACTIVITIES TO MINISTER

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the minister has not answered my question. The minister has stood before the House on several occasions stating that he had the categorical assurance of his officials that there were no other illegal activities carried on by the RCM Police. Now, he has to tell us that there have been illegal activities carried on. Surely, in terms of ministerial

responsibility the Solicitor General has a responsibility to tell this House whether he was lied to by his officials, and, if he was, what disciplinary action he has taken. This is not a matter for a royal commission, it is a matter of a minister discharging his responsibilities as a minister of the Crown.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): What action has he taken? If these actions are not legal then the minister should make a case for their legality. If they are illegal, surely the minister ought first to take action against those responsible and, even more important, ascertain why his officials were not aware of these illegalities. If they were not aware they are incompetent, and if they were aware of them and did not tell the minister they ought to be discharged. What is the minister going to do to assure us that he is a responsible minister?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I think I have already indicated quite clearly in response to other questions, and in the course of my statements in June of this year, that I expect the RCMP in all cases to bring to my attention any matters of possible illegalities in a very clear and unequivocal manner. Since the establishment of the royal commission the RCMP has been in the process of preparing briefs on each one of its investigative practices and procedures, in order to bring them to my attention, first of all, and, secondly, to the royal commission of inquiry. I think in that regard they are being very candid, as other experiences indicate when, during the course of the month of September, the Commissioner of the RCMP retracted a statement by a former commissioner because of an error that had been made, an error that was subsequently brought to his attention by a former officer. In that sense, Mr. Speaker, I think it is quite clear that I expect the RCMP to be very candid with me and to make sure I am aware of any potential illegal problems.

REQUEST FOR DETAILS OF OPERATIONS UNDER CODE NAME "SOURCE 300"—GOVERNMENT ACTION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is also for the Solicitor General who has apparently given the assurance that there are no further illegalities, yet we are getting these coming to light almost on a daily basis. I should like him to comment or tell the House whether he has investigated the latest revelations of alleged illegal activities by the security service, and can he say whether these allegations are substantially correct? Will he indicate to the house what is his information now as to the number of specific operations carried out under the code name "Source 300"?

Hon. Francis Fox (Solicitor General): Mr. Speaker, when I referred to no other illegalities I was, indeed, referring to my statement in the House on June 17. Since that time, as the hon. member knows, we set up the royal commission of inquiry because we had, subsequent to my statements in the House, information which seemed to have some basis in fact and which seemed to indicate that other possible acts of illegality had been committed by the force. That is, of course, why the royal commission was set up. If we had no indication then of possible further acts of illegality there probably would not be a royal commission set up today.

As to operation 300 to which he referred today, I have had the opportunity of reviewing this matter once again with senior officials of the force, and the allegations, of course, are substantially correct. There is an operation called "Operation 300" which dates back to at least the mid-1950s—

Some hon. Members: Tell us about it.

Mr. Fox: This concerns the entering into premises by the RCMP on the security service side. This matter is being brought to the attention of the royal commission of inquiry. Once again, Mr. Speaker, there is, I believe, a fairly complex legal question involved which is definitely being underplayed by members of the opposition in their constant attempt to try to make a few partisan points out of a matter that is far too important to be left to partisan purposes, when it affects really—

Some hon. Members: Oh, oh!

An hon. Member: Come clean.

Mr. Hnatyshyn: Mr. Speaker, I simply point out that we on this side of the House are becoming more and more concerned about the way in which the Solicitor General is failing in his responsibilities in respect of the RCMP.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Mr. Speaker, now that the minister has admitted that the allegations which appeared in the press in respect of "Source 300" are substantially correct, will he tell us whether this information is concurrently being turned over to the appropriate attorneys general for whatever action may be deemed appropriate by the provincial attorneys general involved? Could he also give an assurance to this House that this particular activity, allegedly illegal, has now been terminated and, if so, whether it has been terminated on his orders or, if not, by whom?

Mr. Fox: Mr. Speaker, on the question of turning over the Operation 300 files to the provincial attorneys general, as I indicated earlier, this matter goes back to at least the mid-1950s, and probably goes back earlier than that. Our intention at this stage is to turn over to the federal royal commission of inquiry not only the operation 300 files, but briefs on each and every one of the investigative practices of the RCMP.

ALLEGED ILLEGAL ACTIVITIES—SUGGESTION FILES BE TURNED OVER TO PROVINCIAL ATTORNEYS GENERAL

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, in the interest of protecting the reputation of the RCMP, and not having this drag out day after day and month after month until the royal commission will end some two or three months down the road, will the Solicitor General not agree to turn over

any information he does have also to the provincial attorneys general for the purpose of analysis as to whether the people who were breaking the law, whether they be in the police force or average citizens, will face prosecution according to the evidence before the attorneys general.

Hon. Francis Fox (Solicitor General): Mr. Speaker, if the hon. member on the other side is really serious when he says he does not want this matter to drag out in a piecemeal fashion day after day in this House, I suggest to him that he let the royal commission of inquiry do its job and let us get on with the business of the House of Commons.

Some hon. Members: Oh, oh!

An hon. Member: You should come clean.

Some hon. Members: Hear, hear!

BOMBING AT CUBAN TRADE MISSION MONTREAL—ALLEGATION GOVERNMENT ACTED TO FREE FIVE MEN CHARGED

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, in a news story in the Toronto *Sun* today details of a bombing incident at the Cuban Trade Mission in 1972 are related. It states that two bombs were exploded, and that firemen and police were confronted with Cubans, many of whom were armed with machine guns. Will the minister confirm that the six Cubans who were initially charged with unlawfully having guns were freed of these charges by the Quebec authorities after the federal government intervened?

Hon. Francis Fox (Solicitor General): Mr. Speaker, the hon. member's story goes back to 1962, as I understand it.

Mr. Kempling: 1972.

Mr. Fox: 1972; that is five years ago, so perhaps he will allow me 25 hours to check it out.

• (1512)

Mr. Kempling: Mr. Speaker, my supplementary question is directed to the Solicitor General. In checking this out, and if the government is as concerned as it claims to be with terrorists and subversive elements, will the hon. Minister explain why the federal government intervened to have the charges dropped and why it subsequently apologized to the Cuban government for charging six nationals who were armed with machine guns and who had obviously violated our laws?

Mr. Fox: Mr. Speaker, I think the hon. member is making a point along the lines that I have been trying to make for a number of days in this House. If there are people going around with machine guns in this country, they ought to be the object of surveillance.

Some hon. Members: Hear, hear!

Mr. Kempling: Why did you let them off?

Mr. Gillies: Why did you let them go?

Questions of Privilege

PRIVILEGE

DEFERRAL OF RULING BY MR. SPEAKER ON OUTSTANDING QUESTIONS

Mr. Speaker: There are two outstanding questions of privilege, one raised by the hon. member for Peace River which relates to some remarks made by the right hon. Prime Minister. In view of the fact that the course to be followed, depending on the outcome of those arguments—which I have now considered very carefully—is that the member who is alleged to have made offensive remarks may have several courses of action to take, it is in keeping with the practices of the House always to ensure that the hon. member is present when the decision is made; therefore, I would prefer to withhold that decision until Monday.

There is another decision outstanding from yesterday. The hon. Minister of National Health and Welfare raised, by way of a question of privilege, some disagreement with interpretations of the press and other members about remarks she made outside the House. That matter was disposed of by the Chair. However, a second question of privilege on the same general subject was raised by the hon. member for Grenville-Carleton. At the time, it seemed to me it had two difficulties which I indicated yesterday. The first was that disagreement between one minister and another, or contradictory statements made by a minister—or, in fact, by any member—does not give rise to a question of privilege. The second was that the hon. member for Grenville-Carleton intended to propose a motion relating to the grievance of another member, which also posed a procedural difficulty.

I undertook to examine the precedents to see whether I was correct in those assessments. I do not propose to elaborate on them, but want to reaffirm my initial impression that alleged contradictory statements by one member or another, or by one minister or another, do not in any circumstance constitute a question of privilege. The most recent ruling on that matter appears in the *Journals* of November 16, 1971, at page 923. The second is in respect of an attempt by one member to move to the Standing Committee on Privileges and Elections that which has been raised by way of a grievance of another member. It is an extraordinary procedure which was attempted recently, on June 21, 1977, by the right hon. member for Prince Albert, and I took occasion to disagree with that practice at that time. That can be found at page 6916 of *Hansard*. Therefore, I would reaffirm the disposition of yesterday and simply refer hon. members to those precedents.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, on the question Your Honour raised concerning the question of privilege in which I was involved, I should like to point out that I will not be in this chamber on Monday or Tuesday of next week.

Some hon. Members: Oh, oh!

Mr. Baldwin: I will be going around the country trying to tell Canadians what this government is doing. I remember the ruling Your Honour made just the other day. If it should be

that Your Honour holds there is a prima facie case, and if the right hon. Prime Minister insists on his defiance and refuses to withdraw, it may well be that I will want to move a motion. Would the House and Your Honour agree that the hon. member for Grenville-Carleton, in my absence, if the occasion arises, might move that motion? Perhaps this is hypothetical, but I want to hold open that possibility. It will not drag on as long as some of the activities of the Royal Canadian Mounted Police and the government.

Some hon. Members: Hear, hear!

Mr. Speaker: Let me hasten to assure the hon. member for Peace River, as I am doing today, that in respect of any ruling I would make now, or in the event of any ruling I would make on some other decisions which might have to take place, I would always attempt to guard very carefully the position of all interested members.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, it has come to my attention since I have been sitting in the House today that derogatory remarks were made about my constituents by the hon. member for Crowfoot, now Minister of Industry, Trade and Commerce, who used to be a Tory.

Mr. Paproski: That is the guy.

An hon. Member: He still is a Tory.

Mr. Hogan: Because of the time notice, I did not have a chance to let Your Honour know that I wanted to raise a question of privilege today, but I would ask Your Honour's indulgence to allow me to do so on Monday.

Mr. Speaker: I note the hon. Minister of Industry, Trade and Commerce is not present in the House at this time. Perhaps the hon. member for Cape Breton-East Richmond might want to raise that question the first time the minister is in the House.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 120, 121, 173, 224, 236, 264, 316, 328, 332 and 358.

[Mr. Baldwin.]

[*Text*]

DEPARTMENTAL MAGAZINES

Question No. 120—**Mr. Herbert:**

Are any limitations imposed on the frequency of publication, the number distributed or the unit or total cost of departmental magazines?

Hon. Robert K. Andras (President of the Treasury Board): Revised policy and guidelines on the management of publications in the government of Canada were issued earlier this year. This document establishes the responsibilities of departments and DSS regarding the pricing, marketing, distribution of various types of publications. Fully-priced publications i.e. publications which DSS consider to be marketable, are expected to recover their costs. However, with respect to other publications, either free or subsidized, there are no specific guidelines which would have the effect of restricting costs resulting from quality or quantity. At the moment, the responsibility to impose such limits rests with departments. However, departmental expenditures for information activities are scrutinized by Treasury Board during the resource allocation process and are approved by parliament through annual estimates.

GUIDELINES ON USE OF OUTSIDE CONSULTANTS

Question No. 121—**Mr. Herbert:**

Has the government issued guidelines to departments on the hiring of outside consultants and, if so, what are the guidelines and what reporting procedure is established if the terms or limitations suggested in the guidelines are to be exceeded?

Hon. Robert K. Andras (President of the Treasury Board): The Treasury Board has issued guidelines on obtaining the services of management consultants in the following documents: 1966-2 Guidelines on obtaining the services of management consultants from outside the government. MI-9-66 Policy on the use of management consultants from outside the government. 1967-28 Reporting on the use of management consultants from outside the government. 1968-47 Submission of reports on the capabilities of outside management consultants. These guidelines are currently under review along with the development of more general guidelines for other types of consulting services. All consulting services contracts fall under the government contract regulations SOR/75-530 which establish limitations on departments. For contracts which exceed the limits defined in sections 23 and 24 of the regulations, departments must obtain Treasury Board approval to enter into a contract.

ADVISORY COUNCIL ON STATUS OF WOMEN PERSONNEL

Question No. 173—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Advisory Council on the Status of Women and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): 1. Total number of persons under contract, three. Retired public servants, none.

2. (a) 1975, $55,745; (b) 1976, $77,000. Retired public servants, not applicable.

HERITAGE CANADA PERSONNEL

Question No. 224—**Mr. McKenzie:**

1. What is the total number of persons under contract to Heritage Canada and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): On March 29, 1973, Heritage Canada was established as a national charitable organization independent of government. Therefore all questions should be directed to that organization.

NORTHERN CANADA POWER COMMISSION PERSONNEL

Question No. 236—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Northern Canada Power Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Twenty-six; none are retired public servants.

2. (a) 1975, $95,700; (b) 1976, $103,000; not applicable.

ADVISORY COUNCIL ON STATUS OF WOMEN PERSONNEL

Question No. 264—**Mr. McKenzie:**

1. Has the Advisory Council on the Status of Women obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Advisory Council on the Status of Women in (i) 1975 (ii) 1976?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): 1. No.

2. Not applicable.

3. Not applicable.

HERITAGE CANADA PERSONNEL

Question No. 316—**Mr. McKenzie:**

1. Has Heritage Canada obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Heritage Canada in (i) 1975 (ii) 1976?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): See reply to question 224 answered today.

NORTHERN CANADA POWER COMMISSION PERSONNEL

Question No. 328—**Mr. McKenzie:**

1. Has the Northern Canada Power Commission obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Northern Canada Power Commission in (i) 1975 (ii) 1976?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. (a) (i) Nil. (ii) 5 in 1977. (iii) to (x) Nil. (b) (i) to (x) Nil.

2. No. They are paid from N.C.P.C. operating revenues derived wholly from northern utility consumers.

3. Alberta: (a) $6.55. (b) We have no information on actual rates paid by agencies to their employees. (c) (i) $13,316.63; (ii) $25,171.68.

PUBLIC SERVICE STAFF RELATIONS BOARD EMPLOYEES

Question No. 332—**Mr. McKenzie:**

1. Has the Public Service Staff Relations Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Public Service Staff Relations Board in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): For the Public Service Staff Relations Board: 1.

		(a)	(b)
(i)	British Columbia	No	No
(ii)	Alberta	No	No
(iii)	Saskatchewan	No	No
(iv)	Manitoba	No	No
(v)	Ontario	Yes—91*	No
(vi)	Quebec	No	No
(vii)	New Brunswick	No	No
(viii)	Nova Scotia	No	No
(ix)	Prince Edward Island	No	No
(x)	Newfoundland	No	No

* Persons are employed for full days but for limited periods during the two years 1975/76 and 1976/77.

2. All such persons are paid from the Public Service Staff Relations Board's Main Estimates.

3.		(a)		(b)	(c)	
		1975/76	1976/77		1975/76	1976/77
(i)	British Columbia	—	—	—	—	—
(ii)	Alberta	—	—	—	—	—
(iii)	Saskatchewan	—	—	—	—	—
(iv)	Manitoba	—	—	—	—	—
(v)	Ontario	$6.04	$5.03	Unknown	$22,181.97	$4,988.28
(vi)	Quebec	—	—	—	—	—
(vii)	New Brunswick	—	—	—	—	—
(viii)	Nova Scotia	—	—	—	—	—
(ix)	Prince Edward Island	—	—	—	—	—
(x)	Newfoundland	—	—	—	—	—

ORDER IN COUNCIL APPOINTMENTS

Question No. 358—**Mr. Orlikow:**

1. What is the total number of Order in Council appointments occupying the range of (a) DM1 (b) DM2 (c) DM3?

2. How many earn (a) $45,000 or less (b) $50,000 or less a year?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): 1. (a) 46; (b) 38; (c) 12.

2. (a) 6; (b) 29.

[*Translation*]

Mr. Speaker, I ask that all remaining questions be allowed to stand.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I might ask the deputy government House leader if he could advise us as to the business of the House for next week. Can he confirm that next Tuesday is designated as an opposition day?

Mr. Cafik: Mr. Speaker, prior to indicating the order of business for the balance of today and next week, I should like to indicate it was the government's hope that arrangements could be made, on a co-operative basis with leaders of opposition parties, to deal rather expeditiously with four matters, namely, CALURA, the labour standards code, the petroleum corporations monitoring act and the comptroller general's act. We hope it will not be very controversial to refer those matters expeditiously to committee in the next week or so. I regret to inform the House that arrangements for that purpose have not been made, but I will continue to discuss the matter with House leaders.

[Mr. Pinard.]

As far as the specific business of the House for the balance of today and next week is concerned, with the exception of Tuesday being set aside as an allotted day for the opposition, we will continue with Bill C-11, the income tax amendments.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I hope we are not falling into the practice of breaching the confidence of House leaders' meetings in the way in which the deputy House leader has done. I want to assure him that I learned the lesson early, when the hon. member for Eglinton was House leader. As he kindly told me, I am kindly telling the deputy House leader that he should learn his job and keep his mouth shut, especially when he is wrong.

Mr. Cafik: Mr. Speaker, I am sorry to hear those remarks. If the House leader of the opposition feels that I have breached the confidence in any way of the House leaders' meetings, I would be the first one to apologize.

Mr. Baker (Grenville-Carleton): We will talk about it later.

Mr. Cafik: The disposition of myself, on behalf of the government, in relation to the four items I have mentioned has been well known. It was well known to hon. members of this House, as far as I am concerned, prior to any formal discussion of this matter with the House leaders last evening. I am pleased to accept the admonition of the hon. member for Grenville-Carleton. If he feels there has been in any way a slight to that confidentiality, I can assure him that there was no attempt to do that in the statement I made to the House today, nor will there be an attempt to do so in the future.

A co-operative kind of arrangement is absolutely essential to the appropriate functioning of this House, and the hon. member can be assured that I would be the first one to recognize the importance of that.

Some hon. Members: Hear, hear!

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Wednesday, November 9, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

● (1522)

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise with some trepidation on this first speech of mine in the televised House. It surely will go down in history as the "shiskabob parliament", as we sit here each day skewered by

the cameras and roasted by the lights. I trust that the committee which made the arrangements for this innovation in parliament will continue meeting, and meeting with some urgency, to see whether the level of illumination in this place cannot be reduced. We were told during the debate on televising this place that it would serve the purpose of keeping the seats full, but I know that very few members of parliament can bear sitting in their seat longer than an hour and a half without some shading or screen for their eyes. If anything, television has had the opposite effect and is emptying the seats in this place. However, one thing I can say is that the increased illumination has added no brilliance to the performance of the government opposite. It has thrown no light or clarity on its deliberations whatsoever, and has added no lustre to the Prime Minister (Mr. Trudeau) and his cabinet as the days have gone by.

I am concerned about some of the changes which have resulted already. One of those was the failure for any procedural wrangle to develop when it became apparent that the Minister of Finance (Mr. Chrétien) was going to add something to the rules of this House by running in, on top of the debate in reply to the Speech from the Throne, a budget without the usual warning and preparation and allotted days for a budget debate.

I believe very firmly that in the pre-televising days there would have been a group of members led by the hon. member for Winnipeg North Centre (Mr. Knowles) who would have tied up the proceedings of this chamber for at least three days as a protest. One of the things we have yet to see in the televised House is a full-fledged procedural wrangle. I trust that the precedent set in the opening weeks will not be followed and that hon. members will have the courage, when the government breaches long-standing traditions of this chamber, to argue, to defend the rights of the opposition and to attack such actions by the government in the future.

I can understand the urgency on the part of the Minister of Finance in wanting to bring in a budget—which is not a budget—in order to undo some of the things done by his predecessor who could not stand it any longer and left the position. With the rate of unemployment across the country, and the shocking rate of unemployment in British Columbia, in the Okanagan Valley from where I come and in other parts of British Columbia as well, it is no wonder that the minister attempted to promise at least some further alleviation.

I know that some of the measures he proposed are supposed to provide some alleviation and that there are clauses in the income tax bill we are discussing today which were placed there to encourage business to expand. But I am sure anyone listening to that mini-budget had a sudden apprehension on learning that there would be an additional $150 million applied to job-creation. I am sure that I am not alone in feeling that the present job-creation programs through Canada Works and Young Canada Works programs are not the way to solve the unemployment problem in this country. We need something far more sophisticated than short-range projects which are put forward by groups of citizens who very often do not have a great deal of administrative experience but yet are being awarded fairly large sums of money.

The wonder is that the projects work as well as they do; but there are too many which cannot be undertaken, and there are too many organizations, including organizations at the municipal level of government, which are frustrated to see what, to them, would be significant sums of money bypassing them because they cannot manage to fit into the criteria laid out in the programs. I cite the example of the interior exhibition association at Armstrong, British Columbia, which would very much like to expand its facilities and to build a new and large exhibition complex to take care of the huge crowds which now show up for that great annual event. When they applied to the Department of Agriculture, they learned that grants for the construction of exhibition buildings were cut off in 1962, so there are no more. They were told that they could borrow at a reasonable rate of interest, but that does not prevent considerable frustration developing as they see grants that would be signficant to them utilized elsewhere, and very often for the short-term in the local area.

I realize that the Canada Works program is now inviting private participation, and I would hope that for that kind of project it would be possible for an association such as that to arrange this matter with the contractor—because the problem lies in the kind of supervisory effort that is needed for a building of that size—who in turn would be able to pick up some people from the ranks of the unemployed and use them at least on the preliminary work that would be necessary. I feel that there would be room for changing the nature of the Canada Works program to allow more direct use of the money and to allow for greater supervision over what is done with it.

We note, too, that at the municipal level great problems arise in terms of the conflicts with municipal unions and the Canada Works program, and those problems have not been sorted out. We know that the minimum wage and the beginning wage for municipal employees does not mesh with the standard for the works program. A great deal needs to be done there. We are in a difficult situation in this country. The economic climate of the country is affected in terms of the minimum wage here versus that in the United States. Even so, we are conscious of what unexamined acceptance of an ever-increasing minimum wage has done in terms of creating unemployables. One can find in a recent issue of *Time* magazine, for example, Riesman, the sociologist, being quoted as saying that the minimum wage is the product of—

> —an alliance of the better situated labour unions with the liberals against the deprived and the elderly whom people would otherwise employ for household or city work that now doesn't get done.

In the most recent issue we learn that the U.S. Congress voted to boost the minimum wage from its present $2.30 an hour to $3.35 by 1981, and one notes with a bit of surprise that the minimum wage there will not surpass ours, assuming that the one in Canada will stay still until January of 1980. The other day, the hon. member for Sault Ste. Marie (Mr. Symes) cited some figures to indicate how the devalued Canadian dollar changed all that, but we should remember that what

was done in Canada was put into place at a time and during years when the Canadian dollar was at a premium, and that if the situation is as it was described by the hon. member, that is an accident.

What he did not do was give us an indication of the cost to the country and the ways that the low Canadian dollar contributes to extraordinary costs in other areas. As a member from British Columbia, I realize that the devalued Canadian dollar has made a great contribution to the export picture in that province, but that was only part of the problem. The devaluation of our dollar is a price that the government and Canadians must now pay for the full set of fiscal and financial policies which have been unwise and in use for too long a time.

● (1532)

If one considers the area of taxation—and we are dealing with an income tax bill—here again I have a quibble with my colleagues to the left from the NDP. The English language does not permit them to call a tax concession a gift. They do it all the time. A few years back, taxation was seen as being next to theft. If a government stops its thievery, that does not mean it is gifting anyone. We know that when the NDP were in power in British Columbia they robbed industry blind. They simply did not understand the narrow profit industry in that province. They assumed the boom would go on forever. In collusion with the federal government, they set up situations whereby industries could not possibly be profitable. That is particularly so in the mining industry, but they did untold damage to the forest industry as well.

Some hon. Members: Oh, oh!

Mr. Johnston: My friends can call and shout if they wish, but they know the fate of that unhappy government. Years ago we talked about robber barons. In British Columbia they had a "Robber Barrett." For three years they knew exactly where they were.

Mr. Rodriguez: What about INCO?

Mr. Johnston: I do not have time to go into the full implications of that matter. However, I never cease to be astonished as I watch the process whereby any hope of the new international economic order is left in shreds and tatters by the NDP as they talk about INCO. Any question of the transfer of technology is postponed into the distant future. If a corporation can be so much criticized for transferring both technology and operation, one wonders what kind of load would fall on a government which attempted to do the same thing on the same scale. I wish those great proponents of the new international economic order would seriously think about what they are doing the moment there is a crisis in any particular locality in Canada. It is something to which they should give considerable thought.

The worst aspect of calling a tax concession a gift is that the public expects too much from it. If the government says, "If you do a few certain things, we will take less taxation from you", that is quite different from the government saying to a company that it will give them a grant. Those two matters should be carefully and continually sorted out as we go along, because tax concessions are not the road to a quick economic recovery.

Plants in Canada are now operating at less than capacity. There is no incentive for them to expand with a tax concession. Why should they go out and borrow when they are not using all they have at the present time? The concession of income tax to individuals is a better route to take. It has been meeting some approval from the NDP. For a long time it has been suggested from this side of the House. It has been acted on, but in a way tinkering around the edges of the real problem. The promise of the $100 deduction around January or February will be haled by all who can receive it. However, I remind them that looking into the next year they can obtain almost as much by making a contribution to a registered political party.

I know if this thought comes home, a good many will contribute the $100 to the official opposition because they will very much want to remove this government from power. They will see a way of assisting in getting this country back on to a financial course that makes a lot more sense in difficult times than the one on which this government has been embarked for far too long.

I spoke earlier about exports. It is essential that we succeed in exporting to other countries. Part of the area I represent has some of the finest and largest, and a great many undeveloped, coal deposits that can be found anywhere in the world. We know that the coal market is extremely competitive. There are a great many other parts of the world that are blessed with coal. It is a credit to the miners and the companies that they had the courage and foresight to invest in that part of British Columbia which is in some ways remote even though it is not all that far from the American border. Therefore, it is not usually seen as being as remote as it is, even though it is a long haul from there to the coast. The competitive position in which these coal mines have been put has not been very good. They have been a little too dependent on the Japanese market, which at the moment is in a slump. Therefore, there is double jeopardy. The one useful thing the Minister of Industry, Trade and Commerce (Mr. Horner) said in his speech yesterday was with reference to the hope of diverting some of that coal and sending it east to Canadian markets. I know there is very much concern in that area with the development of coal. The government and the Department of Industry, Trade and Commerce should give a great deal of thought to this question.

I fail to see any indication in the new budget that that area will be a target for the direction of research funds. As I read about research funds, it struck me that a blind eye was being turned toward western Canada. The areas singled out for concession to industries which do research in various parts of the country do not pay a great deal of attention to western Canada. This is a serious omission. For far too long there has been a tendency to see all of the western economy as booming. British Columbia is still a target for internal migration in Canada. We still have a great number of people coming there

who expect to find work. In an economic turndown, it is difficult, indeed, to find jobs for those people.

I notice the Minister of Regional Economic Expansion (Mr. Lessard) is in the chamber, I hope he will not sit on the laurels he has gained in signing the present agreements with the British Columbia government which have been more beneficial for development in the north than in the southeast. When there are developed mines that are doubtful of markets in the future, it does not make much sense to proceed immediately to develop additional mines in the north with all the infrastructure necessary to put them in place.

● (1542)

I would remind the minister that the southeast corner and the south of the province will need a great deal of the kind of infrastructure development that the Department of Regional Economic Expansion has undertaken in other places. Rail facilities and roads were built there many years ago, but it is a long time since they have been upgraded. The main rail line in the south was more or less abandoned years ago. I hope negotiations will continue between the government and the province of British Columbia. All members who come from there know that for years just the tiniest trickle came out of the end of the spout, over the Rockies.

Even if the present agreement is accepted and paid up in full every year, it will in no way begin to pay for those long years of neglect, for changes in the department and the kind of development of roads to resources infrastructure, for new towns and that sort of thing. There is a demand, and there will be a demand in the southeast Kootenay corner for at least two new towns even as the existing ones still find themselves scrambling to provide for the influx of population that has followed the development thus far. There is still an important job to be done in terms of reserves and development and adding jobs other than those supplied by taking up the raw resources and exporting them. There is, as well, the question of providing the transportation necessary to keep or expand that flow. Much is still to be done in that area.

I should like to say something about the controls program which has been particularly vexatious in British Columbia. Two groups of people feel particularly aggrieved. Certainly, British Columbia teachers were bound by legally binding arbitration and the laws of British Columbia to accept agreements from arbitration boards legally set up. The agreements were rolled back following the decision of the provincial government to place them under the purview of the Anti-Inflation Board. That could only be done by retroactive legislation, which in my opinion is always reprehensible. To me, the wisest course would have been for the Anti-Inflation Board, when confronted with the situation, to say there was nothing they could do and that the agreements were legally binding because they were made before the jurisdiction of the Anti-Inflation Board had been tested in the Supreme Court.

Of course, it is always easier to roll back wages and salaries than to do anything about prices, and the board could not resist the temptation. Now the teachers who felt they would have something closer to justice this year are concerned by the 6 per cent raise limit presented by the minister in the speech he made in this House recently. There is, as well, a 2 per cent plus or minus experience adjustment factor which I suspect will relate to the negotiations in the southeast Kootenay area between coal miners and companies. Here, again, I think it is incumbent upon the Minister of Finance and the government to explain very clearly, if that is the situation, that it is they who have broken their word. They changed the rules in the game, and they must accept responsibility for changing those rules as they affect the teachers and may affect the miners. I do not think that question has been sorted out yet, but I had a feeling of apprehension as I read the minister's budget speech. It holds out the possiblity of only 4 per cent to people who believed they had been promised 6 per cent in the third year.

In closing, Mr. Speaker, I should like to refer briefly to a speech made in Cranbrook, British Columbia, recently by Mr. Dennis F. Culver, president of the Institute of Chartered Accountants of British Columbia. Referring to this government and its taxation policies, he said:

> The ineffectiveness of the federal government in carrying through, logically and methodically, its fiscal proposals has created widespread uncertainty in business, hindered the mobility of capital, and contributed to the general lacklustre performance of the national economy.

A good many people would like to think all of that has been caused by the debate on national unity, yet here is someone, who should be in a position to know, who finds that the root cause is something more than concern, real as it is, about national unity. A report of this speech in the *Daily Townsman*, a newspaper of the east Kootenay area, reads in part as follows:

> Culver said that over the last five years federal government budget proposals—which affect every man, woman and child in this country—have been delayed, killed, amended, reintroduced or disposed of in some way other than what the federal finance minister had originally proposed.
>
> There have been so many changes to the Income Tax Act that the original concept of tax reform—introduced in 1971—has been abandoned.
>
> For example, Culver said, the concept of integration of corporate and personal income was laid down as a cornerstone of tax reform. Since then, many different tax rates and tax abatements applicable to both individuals and corporations have been implemented.

He is concerned about the confusion that this sort of thing causes. He has some good words to say about the bill before us, however. The newspaper report continues:

> The 1977 budget, brought down in the House of Commons on March 31, lapsed with the end of the session. It contained major changes to facilitate corporate reorganizations and ease taxes on corporate business income.

I should like to point out that the bill before us is an aberration on the part of this government. It is not the course upon which the Liberal government has embarked over the years. It is a backing, filling and shifting that has been forced on it by the realization it has brought this country to the brink of economic disaster. Some sort of remedial effort must be made immediately. We have this rather half-hearted attempt to do something about a situation that is virtually intolerable.

I am sure that as well as this parliament going down in history as the first to be televised, it will go down in history as the last of the parliaments led by this Prime Minister who has

led the country not only to the brink of national disunity and total separation but also to the brink of economic disaster.

● (1552)

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, it gives me great pleasure to take part today in this debate on Bill C-11 introduced by my colleague, the Minister of Finance (Mr. Chrétien). I guess one could say it is a kind of omnibus bill because it deals with many sectors of the economy. This bill represents an additional effort by the federal government to participate with private entreprise and provincial governments in the revival of the economy which is now going through a difficult period.

Today, Mr. Speaker, I want to speak as the minister responsible for regional economic expansion, a department dedicated to the development of the economy but also interested in furthering unity in this country. This is a department which has been quite successful in several areas and provinces. At the same time, it is a department which comes under criticism and I will come back a little later to some of those criticisms. Finally, in this debate, most speakers mention what the department has done—very few in the opposition mentioned its accomplishments; they dealt mostly with its failures, and things it should not have done and should have done. The hon. member for Cape Breton-East Richmond (Mr. Hogan), for example, and also the hon. member for Prince Edward-Hastings (Mr. Hees) both made certain criticisms, and in some cases, suggestions.

I want to say, Mr. Speaker, that Canada is a political compromise between local, regional, economic, ethnic, linguistic and religious interests, and one could even add that it is also a compromise between various ideologies. Historically, we have been united but at the same time some areas have been poorer than others at one time or another. What is important in all that is that we must be aware of the difficulties certain areas are experiencing and take all the means available to us, and create more if necessary, to correct those difficulties. However we must stop constantly blaming our ancestors, past discriminations we have all been victims of at various times from one standpoint or another. The Department of Regional Economic Expansion was set up to try and iron out regional disparities. So our role is to try and distribute economic growth on a broad basis as fairly as possible, to bring as close together as possible the employment and income opportunities of the regions, particularly in slow growth areas, side by side with those of the rest of the country, without causing harm to the development of those other areas as a whole.

We do not want in any way by our action, Mr. Speaker, to jeopardize or delay the development of other regions which are more advantaged. Our purpose, to be more specific, is to create new growth centres in those regions where the growth potential has not been fully developed. Canada needs strong and big cities because they are necessary to its expansion but it also needs a strong economic base from one ocean to the other. It is not easy to eliminate inequities which have been created and have developed over almost two centuries of history, but in particular during the last century.

It is obvious that during a very short period only one department has not been able and will not be for a few more years to substantially correct these inequities. During the past seven years, we have made several experiments, tested several programs, either alone, unilaterally at the federal level, or in conjunction with provincial authorities and existing organizations. A large number of those experiments have proved to be a success. Others, for obvious reasons, have not been so successful and in some instances, of course, we have even failed. Unfortunately, failures are those which are most often heard of. Interesting events are considered as a normal thing, in other words success is something one must normally know. What is strongly criticized are failures or half successes. I was accused recently of not being able to answer specific questions, of not caring enough about the number of unemployed and their serious plight.

Mr. Speaker, I repeat in this House that the purpose of my department, my own personal purpose, as well as I am sure that of my two predecessors in this portfolio, is to control unemployment and bring about an improvement in the economic development of our disadvantaged regions. Surely this is the mandate which cabinet has given this department, a mandate recognized by everybody as being a difficult one. And our purpose, as I said a few days ago in an answer I gave in the House, our purpose and my own purpose, in a word the ideal to reach would be to have available jobs for all men, all women who are really willing and who need to work.

I am more concerned, Mr. Speaker, by Canada's future than by its past, even though the latter is full of so many extraordinary events, and I want to say that my department wants to and will play a valuable role in the development of this country as long as it will remain an instrument for timely interventions. And it is precisely that role which is particularly difficult and which certain people, certain regions, certain groups of people do not always understand the way we have set it. The department makes timely interventions; in other words, in cooperation with provinces, organizations, businesses, we identify operation areas, we jointly set up an action plan in relation to an objective to be reached, and we agree on a budget structure and a period over which the program will be spread. That is what I refer to as timely action. When the job is done we withdraw, as we should.

Mr. Speaker, as long as I have responsibility at the head of this department, I will always refuse to see it become a department which operates by the statute book because we would then only play the role that several other departments are very well entitled to play, and we would lose that nature the department has been given when established, that selective nature, indeed even discriminatory in some instances, having to make a choice among the options available to us and to accept some proposals and reject others, a certain amount of discrimination necessarily follows but I think that when the role of the department is well understood, which no doubt is the case most of the time, then it is accepted. Those who

criticize the department and there are many, do it mostly because they would like to see it do much more. When that kind of criticism is made in a positive and constructive fashion, with suggestions, I accept it.

● (1602)

I even ask for it because we, in the department and those in charge of provincial governments with whom we negotiate and cooperate, recognize that we have no monopoly on the truth and that in our search for answers for the promotion and development of regions and in our battle against disparities we certainly need the help, cooperation and support from provincial and municipal governments, the people in general but particularly from groups interested in private enterprise, in the industry.

What I mean is that it is not the responsibility of the Federal government and the Department of Regional Economic Expansion alone to fight against disparities. In my meetings with the premiers and the provincial ministers with whom I have regular consultations and negotiations I mentioned that when the Federal government decided to create a department to reduce regional disparities we were acknowledging their existence and that, through the establishment of that department and the budget allocated to it, we had directly contributed to the reduction of those disparities. Therefore I said to the Premiers that if they were satisfied, which was the case for all of them, with the action and decision of the Federal government by which we had recognized the need for urgent action, obviously the same need also existed at the provincial level—I mean the need to acknowledge their disparities and the fact that programs and monies spent by various provincial departments also had a major effect on the development of those areas.

This is why in the last twenty-four months of negotiations, ever since I became responsible for this department, I have always tried to find out what areas within the provinces needed our help most urgently whenever we could give it of course. And if you look at the agreements that have been signed during the last two years you can see that this point of view has been recognized to a large extent by almost every premier and provincial minister with whom I had to negotiate.

On this side of the House, we want to ensure a basic minimum of welfare and prosperity in all regions of the country. We cannot aspire to a strong and dynamic economy if our regions remain poor and underdeveloped. Our regional economy must be based on the image that we have of our country, of Canada's future. However, we must remember that our resources are not unlimited. This bill proves it. Even the other proposal of the Minister of Finance (Mr. Chrétien) which finally asks us authorization to borrow $9 million this year should indicate above anything else how our actions and the expenditures possible to reach our objectives are limited.

Because of this situation, we must be even more selective, even more cautious in choosing projects that we can support to reduce regional disparities. If I were to accept all the suggestions that are made to me, I would obviously have to commit the federal government and the provinces to expenditures of much more than the $500 million now available to the department.

A while ago, we heard a Progressive Conservative member from British Columbia tell us about the progress made these last few months in our negotiations with the provincial government of British Columbia and about the agreements that we have signed and that I have signed personally, in fact, five subagreements which commit the federal government to make considerable expenditures in co-operation with the provincial government. The hon. member recognized that we have made some progress. At the same time, he insisted that we should continue our negotiations and said that certain areas of his province are in great need of our intervention. I thank him for his encouraging words as concerns our department and I can assure him that our negotiations with his provincial government are going on and that next week, during a visit and a conference to which I have been invited, I will go into his province and have the opportunity to talk with the provincial ministers and see what stage we have reached in the implementation of the agreements which we have signed.

Mr. Speaker, if I had a magic wand I would immediately formulate the wish that all those unemployed may find a job, that all depressed areas may flourish again and that all those who want and need to work can do so. But, as we all know, one must be realistic while bearing in mind this kind of tenacity shown by the generations which have preceeded us. They were foresighted people, who had faith and they succeeded in building a great country.

We who are prone to criticize and despair now and then should remind ourselves that those who preceded us and built this country had to face much greater difficulties with more limited means than those we have and we should not forget also that generally speaking the standard of living we now enjoy should make us a lot more optimistic and help us keep faith in the ideal of our forefathers.

There are challenges which we must take up, I am aware of that, and I know that Canadians trust their government to find the remedies which are necessary to improve the present situation as it exists not only in Canada but on the north American continent taking into account the difficult international economic situation. In order to meet the challenges facing our department, we have developed several programs. Canada is a big country, as we all know, and its needs as well as its potential may widely differ from one region to the other. The federal government grants billions of dollars each year to the provinces whose fiscal base is not wide enough to provide the necessary funds for their own development and to afford a satisfactory level of services to the population. In our department, Mr. Speaker, we do a bit more than that. We add to that fiscal base by the spendings which we make in these provinces for their development.

● (1612)

We also act unilaterally to promote industrial concerns. We also support businesses which are from time to time experienc-

ing difficulties. We have provided funds and we have guaranteed loans. Mr. Speaker, I think I can see you smile, because you know what I am referring to. Lately again, as a result unfortunately of some difficult conditions experienced by a particular area in Quebec, we were able in co-operation with the Department of Industry Trade and Commerce, to join our efforts to those of some industrialists willing to carry on and assume the risk. Thus jobs were preserved and there might even be a substantial increase of jobs in the case I am referring to in the city of Valleyfield. This is not a unique case, there are several others, Mr. Speaker, of which my colleagues are also aware.

Some may argue that we do not publicize these facts enough. We should mention them more often. Perhaps we should issue weekly press releases to let the public know what we are doing. The reason might be that we are not that kind of people, for we are satisfied with doing our job the best way we can, trusting that the Canadian public which is aware of our efforts will recognize them, as I am sure it does.

As I was saying, Mr. Speaker, we often act together with the provinces through development agreements. During the past three years, we have signed with them over 80 subagreements which involved more than $2 billion in expenditures. It is interesting to note that this is a federal department which, without making too much fuss, is constantly bargaining with the ten Canadian provinces. It is a fact that there are tensions, that the bargaining is tight, and that there are disagreements. Yet, Mr. Speaker, the 80 agreements which we have signed are conclusive evidence that the bargaining and consultation process is operating efficiently and succesfully.

We have had agreements signed with the ten provinces, Quebec, British Columbia, Newfoundland, Ontario and all the others. We are negotiating with them on a regular basis. This is a sincere attempt at co-operation. We cannot obviously fill all expectations. We cannot approve each and every proposal. It being a matter of priority, we have to make a choice between all proposals, and try to improve present conditions and that is what we are doing on a regular basis.

It is plain that the final disposition lies in the hands of the provincial governments concerned because they are the ones that have jurisdiction over the land and its resources as well as in most of the areas where we want to co-operate with the provinces. Mr. Speaker, this reminds me of an article that has been brought to my attention and it concerns a Quebec provincial minister. I can mention his name because it appears in the article. I quote:

The Quebec Minister, Claude Morin, is suggesting that the Department of Regional Economic Expansion is unconstitutional. That it should not exist because it operates in an area under provincial jurisdiction.

He probably wants to imply that we should further increase our payment transfers to the provinces. I say, Mr. Speaker, that he is not the only one that has made such a suggestion. I heard about proposal which was made some time ago whereby we should transfer to the provinces the equivalent of the department's budget and allow them the freedom to spend this money as they see fit.

I looked at this proposal and dwelt at length on the effets it would have. I saw what would happen to the federal government's tax structure if such a transfer were made to provinces. Already, we have transferred to the provinces, within the framework of two programs, the shared cost program for the year 1976-77, the sum of $4,506 million, and that was for the year 1976-77.

Fiscal transfers amounted to $3,216 million, which means that federal transfers to the provinces, under two or three minor programs, amounted actually to some $8,130 million. I doubt that $500 million divided amongst the provinces will change anything much; they will disappear in the overall picture just as do now in the vast majority of cases the amounts we transfer to the provinces. Yet, the federal government is accused of doing nothing for the economic development of the provinces. One may wonder, if we are completely responsible for their development, whether we should not review those transfer programs, because after all, if we transfer all that money, it is precisely to enable them to develop their economy, strenghthen their structures, and I do not think that having a department allot those amounts to the provinces directly would solve the problems. Indeed not, Mr. Speaker, I am convinced people would still blame Ottawa for its inaction, for its lack of leadership, its lack of interest. This is why the department has been and still is in existence. And I feel that its scope should be increased substantially, because if we are to be blamed in this House and elsewhere for certain disparities between regions and provinces, let us at least have the authority to act. Our powers are not nearly as broad as would be desirable.

My time is almost up, so I conclude by referring to certain accomplishments, certain situations. In recent weeks and months, the department has been confronted with certain economic conditions such as unemployment, and because of this we have increased our interventions. In the case of the province of Quebec for instance—and I would like to bring this to the attention of my colleagues because there has been criticism in that respect from time to time—because of increasing unemployment in the province of Quebec and especially in the Montreal area, where a 50 per cent increase was experienced in 12 months, the department decided to designate greater Montreal a special area.

I would like to report to the House that in the course of some four months of operation, we have received over 170 applications for industrial aid projects and, assuming these were all acceptable and granted, this would entail investments of some $110 million, with the creation of over 4,300 jobs.

I also take pleasure in informing the House that offers were made to more than 17 of the firms involved. Some have already been accepted, with two announced at this point, and I hope that in the coming weeks other accepted projects can also be announced on a regular basis. These efforts are within our own jurisdiction, because we have had to act unilaterally to assist development. Our contribution will help alleviate unem-

ployment that has increased at an excessive rate in the larger Montreal area.

A number of statistics could be quoted. I know that the House is practically submerged with statistics from various speakers, so I will abstain from bringing more, the purpose of my speech being to support this good piece of legislation brought forward by my colleague the Minister of Finance (Mr. Chrétien).

● (1622)

This is a bill for which I am personally grateful to him as a minister, because he pursues what had been announced by his predecessor, Mr. Macdonald, and the provisions of this bill will support the objectives of my own department. Take the investment tax credit—some feel it is not enough and I am inclined to agree, but I am pretty patient and systematic: I will proceed gradually—it went from 5 to 7.5 and now it is 10 per cent, and I hope we will succeed in increasing these figures in the next months or years.

I should like to conclude on a comment concerning the people of Saguenay-Lac-Saint-Jean whom I represent here. I wish to thank them for the confidence they place in me and to assure them that my department is now working on several projects. We are aware of the potential of this area which is now unfortunately hard hit by a high rate of unemployment, but I have faith in the people of my area and in their dynamism. Judging from past experience and considering the achievements of these people in many areas, such as cooperation, industry, finance, with economic mutual funds among other things, I feel that our area will come through, with the assistance of the federal and provincial governments, and I hope the hon. member will realize that it is in his interest to cooperate with us and with the local people in order to ensure the development of those areas and sub-areas. I hope that all those measures will succeed in reducing unemployment, in creating jobs and in keeping our young people in our areas. We must strive to create jobs in order to keep them at home. It is of concern to me as a Canadian and as a Quebecer and as a citizen of Saguenay-Lac-Saint-Jean. I ask the House to consider this bill with all the attention it deserves but not to unduly delay its passage, so that we may proceed with other pieces of legislation likely to help the Canadian economy and our fellow citizens.

Mr. Béchard: Mr. Speaker, I rise on a point of order. Will the minister allow me a question?

Mr. Lessard: Of course, with your permission, Mr. Speaker.

The Acting Speaker (Mr. Ethier): The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) may ask a question if the hon. member agrees.

Mr. Béchard: Mr. Speaker, a point of order. I would like to thank the hon. minister for having agreed to hear my question which is very serious. I know what are the feelings of the Minister of Regional Economic Expansion who represents an area which, in many aspects, is similar to mine. Therefore, I would like to ask him if in his efforts and those of his department to eliminate regional disparities, his department is now doing something or some studies with regard to the mining development which is in progress in Îles-de-la-Madeleine—particularly the salt mine which is not in operation at the moment, but at the planning stage—I should also like to know if his department would eventually be interested in the bicarbonate of soda industry or plant which would be built once the salt mine in Îles-de-la-Madeleine is operational, and, this time, in the continental part of the constituency of Bonaventure-Îles-de-la-Madeleine, that is in Port Daniel. Furthermore, I would like to know what are the plans of the department regarding the funding of these two industries.

Mr. Lessard: Mr. Speaker, the Department of Regional Economic Expansion is interested in the development and the potential uses of the subsoil of that large area of the province of Quebec, that is the Gaspé region and Lower St. Lawrence and also Îles-de-la-Madeleine. It is not the largest part, but it is still important. That project relating to a salt deposit has been known now for several years, and its potential and profitability as well as market possibilities are still to be evaluated. It is a project conducted by a provincial Crown corporation, SOQUEM, that others and myself know quite well and follow very closely.

Now, about the other project, in Port Daniel, the potential of a deposit has also been identified, and, there again, it would seem that the project could be put in operation in a relatively reasonable time. Pursuant to an agreement between the government of Quebec and my department, work is now being carried out with regard to drilling and assessment of the potential in order to know whether or not the project could be put in operation in the near future. These two interesting projects might perhaps further develop the economy in the Lower St. Lawrence area.

[*English*]

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have now had just over five years in this House, during which time I have seen a lot of government budgets that have been criticized in one way or another. The members of my party have not criticized everything in those budgets, but we find our alternate suggestions are seldom taken up by the government.

Of course, the government has indicated that this is not a budget we are debating, it is a tax bill. When I look at the budget of March 31 and cast my eyes over the economic and fiscal statement of October 20 by the Minister of Finance (Mr. Chrétien), I notice there is not much difference in their looks or their contents. The government has indicated that it is in a hurry to get this bill passed, but I think I should remind the House that this bill arises out of the budget statement of March 31 and that the government has had some seven months in which to get the bill passed by the House.

Since the debate started a few days ago, the government has been putting up speakers every day. Today we heard from the Minister of Regional Economic Expansion (Mr. Lessard), and yesterday we heard from the Minister of Industry, Trade and

Commerce (Mr. Horner). This does not seem to indicate that the government is in any particular hurry to get this bill passed by the House.

After using the red herring of national unity, the Prime Minister (Mr. Trudeau) stated in Calgary earlier this month that the major issue in Canada was economic policy. After having a nice long weekend, he stated earlier this week in the House that he was very happy to be back now that the opposition is turning its mind to economic questions, rather than knocking the RCMP. Only a few days prior to that the Prime Minister decided the economic issue was an important one. I am not sure we can accept the criticism that we finally made that decision ourselves.

As for the knocking of the RCMP, I want to remind the House that on the same day the Prime Minister made that remark, the hon. Leader of the Official Opposition (Mr. Clark) explained some matters in careful detail in the House. On November 8 he indicated that the fundamental principle of the parliamentary system, which is at stake here and which is being violated by the government of Canada, is that ministers of the government must take responsibility for the acts of public servants under their general direction.

Some hon. Members: Hear, hear!

Mr. Clarke: Later on he said that we have seen far too frequently the blaming of officials in instances where the minister should take the responsibility. We saw that in the case of Larry Stopforth, the executive assistant to the present Minister of Supply and Services (Mr. Goyer), and we are now seeing it in the case of the Royal Canadian Mounted Police. His final reference was to the illegal acts which the House and the country were aware of. He indicated that the purpose was to determine by whom these illegal acts were committed—

Mr. Chrétien: Mr. Speaker, on a point of order.

Mr. Deputy Speaker: The Minister of Finance on a point of order.

Mr. Chrétien: Mr. Speaker, I feel I should rise to indicate that this is not relevant to the debate we are having at this time. This debate concerns the income tax bill, and not the RCMP, etc. I am sure all hon. members are aware of the fact that there are some rules in the House which have to be followed once in a while.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Deputy Speaker: Order, please. I must point out to the minister that I happened to be listening closely to the hon. member. I was trying to figure what his argument on the points he raised was leading to, and I imagine that within a few seconds or minutes, he will return to the subject or perhaps satisfy the Chair that he is speaking to the point. Otherwise, I will have to call him to order.

[*English*]

Mr. Clarke: Mr. Speaker, I should like to welcome the Minister of Finance back to the House. I assure him I am trying this up with the remarks made by the Minister of Industry, Trade and Commerce yesterday in this same debate. Referring back to the remarks made by the hon. Leader of the Opposition on Tuesday concerning illegal acts, by whom they were committed and at whose direction, he concluded by saying the following:

> They were committed, so far as is known, by members of the security services, and here I make the distinction between members of the security service and members of the regular force of the RCMP.

It was quite clear from the remarks of my leader that there was no attack by this party on the RCMP.

Some hon. Members: Oh, oh!

Mr. Clarke: The Minister of Industry, Trade and Commerce was trying to delude the House and himself yesterday into believing we were trying to ride to power, on this side of the House, on the backs of the RCMP.

Mr. Chrétien: That is true.

Mr. Clarke: The remarks which have been made in this House over the past week would indicate that that is not the case. It is not the purpose of my party to have anything to do with the knocking of the RCMP. I remind the Minister of Finance that it was the leader of my party who during the summer recess urged the government, in view of the worsening economic conditions in Canada, to recall parliament early and to present a new budget. Goodness knows for how many weeks and months the government has refused to bring down a new budget. The government said there would be an economic and fiscal statement, but that is not a budget. All that did is curtail debate and prevent the opposition from having a budget debate.

● (1632)

Mr. Johnston: A shameless mockery.

Mr. Clarke: I want to refer to the remarks of the Minister of Industry, Trade and Commerce once again. He referred to the falling dollar. We wonder if he recognizes that the falling dollar is the result of the failure of the economic policies of his colleagues. In Winnipeg, the minister said that the fall in the value of the Canadian dollar has been useful, and said "I hope it stays around for a while".

I wonder if the Minister of Industry, Trade and Commerce has talked to anybody in Canada who today has to pay the increased prices which are the obvious and unavoidable result of this lower dollar which he thinks is such a wonderful thing. While we are talking about responsibility in debate, a matter raised by the Minister of Finance, I would like also to recall the remarks of the Minister of Industry, Trade and Commerce yesterday when he accused hon. members on this side of the House. The remarks I refer to are found at page 758 of *Hansard*, if the Minister of Finance wants to check that out and if he can get away from his reading. The Minister of Industry, Trade and Commerce said:

> There are Canadian citizens on the other side of the House betting that the Canadian dollar will go down more. They are buying American dollars, Canadians sitting on the other side of the House.

Mr. Paproski: A shameful remark, and it is untrue.

Mr. Clarke: Hon. members on this side of the House, including myself, challenged the minister to name them. The hon. member for Brant (Mr. Blackburn) raised a point of order, or a question of privilege, to object to that sweeping falsehood which the minister was unwilling to back up. The minister said, "Yes, I can name some", and when he was pressed further he said, "Naturally, the government has to act in defence of that". I do not know whether that means the government will not let him speak. I am sure hon. members opposite often wish he would not speak. We had a similar problem when the Minister of Industry, Trade and Commerce sat on this side of the House; some of us wished he would not speak.

Let me satisfy the Minister of Finance and get down to consideration of the economic policies of this government. In this bill, the minister asks us to authorize the borrowing of $9 billion simply to cover the continuing deficits created by the continuing mismanagement of the economy of this country by this government. I begin to wonder whether the hon. members opposite who have been pulling the strings for the last ten years under this administration really know what it is to have deficits and to overspend. I do not know whether the Minister of Finance has been coaching his colleagues, but I want to refer to some remarks made by the Minister of Employment and Immigration (Mr. Cullen) on Monday in the House in response to a question I put to him. I might say that my question was a serious one concerning the shortfall of the unemployment insurance fund. It is going to pay out $4 billion this year, according to the most recent projections, which will be $1.7 billion short of the amount collected from those insured and their employers.

The minister tries to make the case that the unemployment insurance system is an insurance scheme and not a welfare scheme. My question was simply how the minister thinks it is fair to have taxpayers of Canada who were not eligible to participate in this so-called insurance scheme, because they are not in insurable employment, share in this deficit of $1.7 billion. In his response the minister accused me of playing fast and loose with figures. That was the beginning of his answer. I should say "non-answer", because he never did answer my question. The minister accused me of spreading malicious, imprecise information. How irresponsible! In the first place, I mentioned only one figure. I was trying to get some information about how we might relieve these poor taxpayers who are being called upon to suffer as a result of this government's policy. I am going to talk about why we have that deficit in a few minutes, but the response of the minister was that I was being imprecise. I would like to quote his answer, as follows:

He is using the word "deficit" when he knows it is a government commitment to pay a certain amount after the floating average figure has been established.

That can be found at page 636 of *Hansard* for Monday of this week. If the Minister of Employment and Immigration does not know what a deficit is, how can we be sure that any hon. member opposite knows what a deficit is? For goodness sake, we are in trouble! The government is very good at creating deficits. I just wish it had the ability to recognize when we have a deficit. I am sure that the level of the Canadian dollar—it was at the level of 89 cents U.S. at one time this week—is an example of the results of the economic policies of this government. A further result we can see—the figures came out just this week concerning unemployment insurance—has to do with unemployment insurance pay-outs. I have already mentioned them, but there is an underlying figure which is very important. This should be very interesting to Canadians.

There is a growing number of unemployed—36 per cent of the total, now—whose unemployment period is longer than three months. That indicates that there is an ever-growing number of Canadians whose benefits have expired. The policies of the government seem to be forcing that number up. It seems to be a secret policy of this government to transfer to the provinces the cost of benefits for those unemployed people. After all, if people do not have unemployment insurance benefits, they have to turn to welfare. Those costs are paid by the provinces to a much larger extent than unemployment insurance costs.

Many times the government has told us that the policies proposed by hon. members on this side of the House will not work. The government has never given them a try, so I do not know how it can say they will not work. The thing that the people of Canada and everyone in this House must know is that the policies used by this government for the last ten years have not worked.

● (1642)

It cannot be said that the policies suggested by this side will not work. They have not been tried. There was one policy that the government felt was not inadequate and would like to borrow. Of course, they waited until they had successfully campaigned against it. I refer to the controls program. As has been said many times, the present controls program is not anything like that proposed on this side. The only similarity between the two is the name, "controls." The proposal from this side was for a total freeze of a temporary nature, 90 days, to give the government time to adjust its policies and bring inflation under control. The government somehow came up with the idea that they could do something about inflation with controls, but after two years they should realize they have not succeeded.

According to their own figures, inflation is continuing, and they are projecting over 8 per cent for this year. That is because they have done nothing to control their own expenditures. We cannot expect controls to do anything, if the government will not get their own house in order. Mr. Speaker, I do not think I can put this in any better words than an article which appeared in the *Courier*, of Vancouver, of September 15, 1977, which stated in part:

However, the serious problem of the moment is the apparent disagreement on the economic issues which is costing Canadian taxpayers dearly. It now seems certain that Turner (an old-style Liberal), did not want a controls program, and resigned when Trudeau (a Liberal-Socialist) insisted. Macdonald—

This refers to a former minister of finance.

—was persuaded to give the controls program a chance, and after nearly two years, had been saying that a decontrol program was coming.

Instead, we know that the former Minister of Finance left. The article continues:

The Liberal party was divided on the introduction of controls and is now divided on their end. Why else did Turner resign, and . . . call for the end of controls when it is obvious that his party wanted to maintain them? Why else did Macdonald resign after making positive statements about a decontrols program?

The article continues, comparing the differences between this party's proposed controls program and that imposed by the government. It points out that the then leader of the opposition, realizing the devastating effects of inflation, proposed a temporary three-month freeze on wages and prices and even on imported goods in order to break the inflation psychology. This would have given the government time to change its spending habits. The article goes on:

Stanfield knew that controls would not stop inflation (look at inflation in the past two years!).

In fact, although many people say they like controls, prices today are rising faster than wages, just as they were in 1974.

I think I can do no better than read a little more of this article, Mr. Speaker, which is quite a good one. It continues:

The government's policies have undermined the confidence of the private investor in Canada.

We have been telling them that you cannot have people investing without confidence. It goes on:

With little new investment, few jobs are being created, unemployment is rising, the dollar is failling, and government overspending is rising. (The deficit this year is projected—

At that time it was $6,500 million, which was overspending by about $650 for every individual Canadian taxpayer. To return to the article, it reads:

After nearly ten years of Trudeau's administration Canada has the worst economic outlook ever, the highest unemployment in history, and the most divisive atmosphere in memory. The man who said he would "wrestle inflation to the ground", and that "separatism in Quebec is dead", cannot now be seen as the "saviour of Canada". Even the PQ's Jacques Parizeau has described Trudeau as the cause of separatism.

Now he is holding himself out to be the saviour. As far as the present Leader of the Opposition and others in this party are concerned, I will again read from the article as follows:

Joe Clark has been repeatedly urging the government to take steps to turn Canada's economy around. Clark has stressed the need for reduction in government spending, in government interference in the private sector, and in the rate of increase in the money supply. He knows that inflation is caused in Ottawa and can only be solved in Ottawa.

There is nothing in this tax bill or in the economic statement that is going to do anything about these ills. I do not know what the government thinks the role of the official opposition is, but they certainly do not pay it any heed. Again referring to the article, it says:

Progressive Conservative policy is for government stimulation of the economy through incentives to business, particularly small business.

Mr. Speaker, we have heard the government speak of personal tax cuts, and the Minister of Finance seems to be very proud that he has given the opposition what they want, a tax cut of $100 for the average taxpayer. That is $600 million in total for the country. But the Economic Council of Canada believe that the economy needs a boost of $3 billion.

Mr. Chrétien: You have just said we have too big a deficit. Try to reconcile the two.

Mr. Clarke: Mr. Speaker, the Minister of Finance shows his inability to reconcile economic facts, just as much as the Prime Minister is unable to reconcile separatism facts. If the government stimulates the economy to the extent of $3 billion, they will get it back double and the budget will balance itself. The government does not give that a chance. If we stimulate the economy, we will find new jobs, new confidence in the business community. The jobs will go to the unemployed, who will no longer be a drain on the unemployment insurance fund. I hope the Minister of Finance will listen, because he seems to have missed the point that the people on unemployment insurance will become taxpayers. That is how he would balance the budget. On the one hand, he would no longer have to pay out large unemployment insurance benefits, and on the other the new employed would be contributing to revenue.

I would refer the minister to the United States where, in an unprecedented move 13 years ago, huge personal tax cuts—about $11 billion—were given in order to get the economy going. At the end of the taxation year it was found that the revenues were balanced exactly. The $11 billion came back in additional personal taxes either from higher incomes or from new taxpayers. I do not know what involvement the minister has with the Economic Council of Canada, but I think he owes it to himself and perhaps to the taxpayers of Canada to refer to their booklet and see what they recommend.

The other way this government seems to tackle the problem is by little "gritty" give-aways—$100 million for this or $150 million for that. And, of course, it goes to the right part of the country: we would not want anybody who does not support the Grit party to get any of these little "gritty" grants.

An hon. Member: What about Alberta?

Mr. Clarke: I do not know about it, but I can certainly tell the hon. member opposite about British Columbia.

The Acting Speaker (Mr. Ethier): Order, please. Any hon. member seeking to be recognized should stand and have the Chair recognize him.

Mr. Clarke: Mr. Speaker, it is obvious that the hon. member opposite who did not want to get to his feet is only familiar with some part of eastern Canada. I can tell him about the last Canada Works program in British Columbia, where nine of 23 ridings got the minimum amount of $100,000. I wish the Minister of Employment and Immigration were here; perhaps he could explain why those nine ridings—eight of which are held by the opposition—got only the minimum amount, while the riding of the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) got $4.5 million—45 times that amount. The riding of Coast Chilcotin, a Grit riding in British Columbia, got over $2 million.

If these examples are considered unusual, we should just look at the average. A government riding got five times as much, on average, as an opposition riding. I would not want to suggest there is anything wrong with that, but people may draw their own conclusions. Mr. Speaker, I should not leave the article I read from without giving credit to the writer—myself.

• (1652)

Mr. Chrétien: Mr. Speaker, I rise on a point of order. I have been listening to the hon. member's speech. He stated that some years ago the United States had a tax cut of $11 billion. I point out to the hon. member that they do not have an indexing system. With the indexing system that will apply on January 1 next, the tax cut will be about $850 million. Add to that the $700 million cut. That is 50 per cent more per capita than the cut in the United States at that time. When you measure Canada against the United States, you must always divide by ten.

Mr. Clarke: Mr. Speaker, even if we accept the argument of the Minister of Finance, it would be less than half what was recommended by the Economic Council of Canada. I will ask the Minister of Finance another question which I will not allow him to answer because time is running on.

Mr. Chrétien: Great statement!

Mr. Clarke: He would probably carry on the same as in the question period, anyway. I do not think he will change his practice now. Look at the results of the economic policies put in place by this government. Look at the unemployment insurance payments. According to the government's own figures, payments out this year amount to $4 billion. Collections, according to their figures, are $2.3 billion. According to simple arithmetic, there is a $1.7 billion deficit. The August, 1977, payments were up 25 per cent over August last year. The August, 1977, payments were up 25 per cent over July of this year. Responsibility for that can only be laid at the feet of the Minister of Finance and his colleagues and their so-called economic policies.

The Minister of Finance does not seem to be aware of some of our policies. Therefore, I want to tell him that the leader of my party has called for a massive overhaul of the unemployment insurance system. In particular, we want to eliminate abuses, not only by individuals but abuses of the system by the system. Individual abuses arise when the so-called ski teams received their cheques in the mail at a time when they were not properly looking for work. During the last mail strike thousands of unemployment insurance cheques went unclaimed in Toronto. Presumably those people were too busy at work or play to pick up their unemployment insurance cheques.

I referred to abuse of the system by the system. I refer to the situation which allows a high income person to collect unemployment insurance. On the west coast there are some fishermen who earn large incomes. One I know earns $60,000 during the season. During the off season he is allowed to collect unemployment insurance. It is within the rules. We on this side maintain that is not the purpose for which unemployment insurance was designed. The government must decide whether it will be an insurance system or a welfare system. The way it is being operated, with people not entitled to benefits receiving them, it is surely a welfare system. The taxpayers have to pick up the deficit. The Minister of Employment and Immigration can call it a commitment rather than a deficit. I do not care what he calls it. It is still a deficit that has to be paid for by the taxpayer. In some cases it is the taxpayer who is not entitled to the benefits under the program.

We recognize there are great regional disparities. There are places in the province of the Minister of Industry, Trade and Commerce where jobs go unfilled because there are not enough people to fill them. We also recognize that in some of the Atlantic areas there are unemployment rates approaching 30 per cent. The system should work to provide protection for the person genuinely out of work. It should not be done on the backs of those who are not entitled to coverage under the program.

I want to deal briefly with one specific area of the tax bill. I refer to the proposed changes having to do with life insurance. The policies proposed by the government with regard to life insurance are full of inconsistencies. The Minister of Finance is proposing that the interest on loans taken out against the cash value of life insurance should not be eligible for deduction. This is in direct contradiction of any of the rules of the Income Tax Act, which clearly provides that any expense laid out to earn income is deductible.

If that is not a sufficient inconsistency, the minister then says that if you already have a loan from the insurance company, you can continue to deduct the interest on that loan. However, if you want to take out another loan next year, you will not be able to deduct the interest. What is the taxpayer to do? He is faced with all of these inconsistencies. He will not know what way to turn.

The minister's predecessor said they would not allow the interest on insurance policy loans because there was no obligation to repay the loan: it was not like a loan from the bank. The insurance company has a responsibility to its policyholders. Sure as death, the insurance company will be repaid that loan even if they have to wait until the taxpayer dies. It is nonsense to suggest the loan does not have to be repaid.

The government also says it is going to tax the gain on the investment portion of the life insurance policy. They said they would not reach into the grave and tax it when the taxpayer dies, but they will tax it if a policy is cashed in or a loan is taken out. All that will do is force the taxpayer who wants to make a loan against his insurance policy to pay a higher rate of interest. Many insurance policies with cash values have built-in, guaranteed low interest rates.

Mr. Deputy Speaker: Order, please.

Bell Canada

PRIVATE BILLS

[*English*]

BELL CANADA

The House resumed, from Thursday, November 3, consideration of the motion of Mr. O'Connell that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, when we closed off last Thursday I was discussing the social responsibility of Bell Canada with regard to its subscribers. I wish to review briefly what I said. When Bell Canada was given the monopoly for telephone service in this country there were some provisions. One was that they would be subject to regulation with regard to their capitalization; that is, they would have to come to parliament whenever they wanted to increase their capital. From the day they received the right to monopolize telephone service in this country, particularly in the provinces of Ontario and Quebec, they have worked consistently to de-emphasize the controls, little as they are, which parliament exerts over the company.

Bill C-1001 is a perfect example of Bell Canada attempting to escape even the puny examination of parliament in terms of increased capitalization. They are going to try to escape the scrutiny of members of parliament as they go merrily on their way accruing for themselves greater profits, greater growth and greater control in their particular field and related fields.

I am absolutely opposed to this bill. As the representative of the constituents of Nickel Belt, I would be derelict in my duty if I did not point out to Bell Canada that in my area there are still cases of ten families on one line. I would be derelict in my duty if I sat down and allowed the hon. member for Scarborough East (Mr. O'Connell) to have his little bill so that he could run across to the Senate and get it passed in one day, after which I would have to face my constituents and they would say to me, "How is it that there are still ten families on a line? Why did you let Bell Telephone have its way?"

● (1702)

I intend to use all the opportunities available to me. This is one of the few occasions on which a backbencher has an opportunity to say, "Hold it, boys. How are the people of Canada going to benefit from this bill in terms of the service they receive? How will this proposal to increase capitalization lead to better service?" The vice-president opened up the books the other day to show me the schedule under which it is proposed to improve non-urban service. I looked in the schedule for places in my constituency, and I could not see any. I asked him why Nickel Belt was not in there somewhere. "Oh," he said, "you must be in the third quarter of 1982." Well, Mr. Speaker, my response to that is he had better take this bill and come back with it in 1982. After we have been given this improved telephone service in my riding, I am prepared to go along with the bill. However, until that time I cannot say, in good conscience, to the Bell Telephone company, "Yes, you can increase your capitalization." Suddenly, the Bell Telephone company, like St. Paul, is aware of—

Mr. O'Connell: I rise on a point of order, Mr. Speaker. It relates to the date the hon. member has given—1982. This is the second time I have heard it in the debate. The CRTC, the regulatory body, has ordered the company to direct itself to a rural improvement program over four years ending in 1980. It applies to the hon. member's area as well as to others. It is not 1982—and this is not a matter for parliament; it is a regulatory matter not dealt with in this bill.

Mr. Rodriguez: I wish the hon. member for Scarborough East would not try to filibuster this bill by getting up continually to raise spurious points of order. I am glad he raised this point, though. It shows how important it was for some regulatory body to point out to the Bell Telephone company that it had a responsibility toward subscribers in rural areas. One might have thought this would have been one of their first concerns. Why should it be necessary for the CRTC to tell them this? I suggest it is because the corporation has no social responsibility to the people they serve. It has one concept in mind, which is to maximize profits, minimize regulations and keep on growing.

That may be a legitimate goal for Bell Telephone, just as it is legitimate, I suppose, for INCO to get to Guatemala first. But is it a legitimate goal for Canada? I say that what is good enough for Bell Telephone, INCO and Falconbridge, is not good enough for Canada. We have to set our own goals. The goal of this party with respect to Bell Telephone is service, and we have long held that from a philosophical point of view Bell Telephone company ought to be under public control so it can provide the kind of service which we think is desirable.

The Acting Speaker (Mr. Ethier): I am sorry to interrupt the hon. gentleman, but the time allotted to him has expired.

An hon. Member: Let him go on.

Mr. Rodriguez: I am prepared to do so.

Mr. Lorne Nystrom (Yorkton-Melville): I had not intended to take part in this debate, but I was persuaded to do so by the eloquence of my hon. friend from Nickel Belt (Mr. Rodriguez). Since he has persuaded me, I thought I would spend a few minutes talking about the merits of public ownership, because I happen to come from a province of which my hon. friend from Nanaimo-Cowichan-The Islands (Mr. Douglas) was the premier and at that time he undertook to put the telephone system there under public ownership. I want to argue that the same thing should be done with regard to Bell. We should not tolerate a telephone system in this country whose main objective is to make a profit for its shareholders without really caring about the service it provides.

It is only normal that in the case of a company whose primary objective is profit, one should see a deterioration of service in rural areas. It costs more to provide service to rural areas than to the larger centres: maintenance is more difficult

and it is harder to make a profit. For these reasons, people in Nickel Belt or similar areas will not get the service which people in urban areas receive. They certainly will not get the service the people in rural Saskatchewan or rural Manitoba receive, where there are publicly-owned telephone networks. In the case of a publicly-owned network, the main priority is service to the people who own it, namely, the people of the province. That is not the motivation of Bell Telephone: that is why I am not interested in expediting passage of this bill. I do not care whether they get the bill this year or not. I do not care at all, because the only reason they want this bill is in order to maximize profits for their shareholders.

Mr. O'Connell: What about the jobs?

Mr. Nystrom: That is the response we always get from a Liberal or a Tory government. What about the jobs under INCO? The whole philosophy of the government is the "trickle down" theory. They believe that if you give enough to the big corporations, it will eventually trickle down to the small guy at the bottom. But what happens when a big corporation wants more money all of a sudden, or doesn't really give a damn about our country—like INCO—and goes to invest money in Guatemala or Indonesia and says, "To hell with the workers in Sudbury"?

An hon. Member: They have not said that.

Mr. Nystrom: They have. After getting all kinds of tax concessions and other benefits from the federal government, they make sure that a lot of the profits they made in this country are invested elsewhere. When we attack the large corporations, or when we delay the passage of a measure which will benefit a large corporation, we are criticized for not thinking about the number of jobs involved, or preventing ordinary people from getting something. Where are the government's priorities?

I was talking the other day about veterans' pensions. Tomorrow is Remembrance Day. Over the last four years or so, the government has intentionally short-changed veterans on disability pension by about $40 million. But today we were discussing legislation which will give the corporations some $1.2 billion, and at this moment there is before us a private member's bill to give the Bell Telephone company more dollars and a lot more opportunity to maximize its profits.

Mr. O'Connell: I am sure the hon. member does not wish to mislead the House intentionally. This bill does not give Bell Telephone anything in terms of money. It permits them a higher capital ceiling. Even to put a few more people on the telephone in the north requires the expenditure of capital, and more funds are needed.

● (1712)

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Yorkton-Melville (Mr. Nystrom) has the floor.

Mr. Nystrom: The apologist for Bell Telephone is filibustering again by bringing in another red herring. This bill seeks to minimize the regulations so as to make sure that Bell Canada does not have to come back before parliament as it has in the past. This is a way of providing Bell Canada, in the indirect sense, with more money, giving it an easier opportunity to maximize its profits.

I want to make the argument today for nationalizing Bell Canada, for having a publicly owned telephone system in this country. Any industry such as communications, transportation, or any of the resource industries, I think should be publicly owned so that they can provide a service to all the people, rather than maximizing profits for a few people, many of whom may be foreigners.

Many people in parliament, particularly in the Conservative party, may claim that public ownership is not very efficient. They say the public corporations cannot make a profit or operate efficiently. I would argue that in the case of telephones the publicly run corporations are run a hell of a lot more efficiently than Bell Canada. For the benefit of the Tory member who is laughing, I will give him some statistics. People in my constituency are paying a lot less for telephone service than people who live in the constituency of Nickel Belt. My constituents are getting a lot quicker service than those who live in Nickel Belt.

One of the shocks I had when I moved down to Ottawa after I was first elected in 1968 was the inefficiency of the telephone system here. One had to wait so long before getting service in Ontario and Quebec compared to the situation in the province of Saskatchewan. You wait a long time because the customer here is not important. The whole motivation of the capitalist system, or free enterprise system, is the maximization of profit. Bell Canada has a monopoly so it can screw the customer. It has no competition.

By contrast, in my province the priority is the customer, the client, which the company is there to serve. The company is not in existence to make a profit. It conducts its operation with a lot more business skill than does Bell Canada in the provinces of Ontario and Quebec.

Let me give the House some comparable statistics. In the city of Regina there is a publicly owned telephone system. Let me quote the statistics as at August, 1976. In the city of Regina there were 72,400 telephones. Private subscribers paid $5 a month for service. Business telephones cost $11.85 a month. In the city of Halifax where there were 96,249 telephones, private subscribers paid $8.95 and business subscribers $26.

I do not hear the one and only Conservative member in the House, or Liberal members interjecting with cat calls. I have given a real comparison between a publicly owned telephone system and a privately owned telephone system in cities of comparable size. We find that people in Regina get telephone service at almost half the cost of those in Halifax. The business community pays for its telephones less than half what it costs in Halifax. So we have a private enterprise corporation making it tough even for its business friends by charging more than twice what people in Saskatchewan pay.

I have always said, Mr. Speaker, that the socialists in this country are the real friends of small business. To prove this all one needs to do is look at the telephone rates. Business telephones cost $11 in Regina and $26 in Halifax. Who is the friend of the small businessman?

Mr. Parent: What about Toronto?

Mr. Nystrom: Someone says "give us Toronto". In the city of Toronto a private subscriber pays $7.45 a month for a telephone.

Mr. Parent: That is less than Halifax.

Mr. Nystrom: It is less than Halifax, and that proves my point. Toronto is a big city with some 1.4 million telephones. Because there are so many telephones, you can afford to provide service at a lower rate than you can in Halifax. You do not have this kind of consideration with the publicly owned telephone system. You do not discriminate against people who live in smaller centres. Under the free enterprise system—or the so-called free enterprise system, it is not free at all—the smaller the centre, the higher the rate and the worse the service. This is one more good argument why the telephone system should be nationalized, and it is why I am not going to facilitate passage of this bill.

In Montreal there are roughly 1.4 million subscribers. Surprisingly enough, the rate in Montreal is exactly the same as in Toronto, $7.45 for private subscribers, and $22.10 for business telephones. So again the big city gets the better deal because it has the volume. Small centres have to help subsidize subscribers in big cities, and they help subsidize the profits of a large corporation.

Let me turn to other cities, such as Winnipeg. In Winnipeg there is a publicly owned telephone system, as the hon. member for St. Catharines (Mr. Parent) knows. There are 237,000 subscribers. Incidentally, this telephone system was set up many years ago by a Conservative government and it has been run very efficiently. In 1976 the rates in Winnipeg were the lowest of any city in Canada. I am sad to say that they are even 10 cents lower than the rates in Regina. The Winnipeg rate for private subscribers in August, 1976, was $4.90, and $11.65 for business telephones.

What is the situation in St. John's, Newfoundland? I am sure that if this corporation had any feeling for people in Newfoundland, it would make sure that the people there had telephone service at a very low rate. In St. John's there are roughly 46,000 telephones.

Mr. Douglas (Bruce-Grey): But what is the comparison in capital investment there?

Mr. Nystrom: I am talking about the rate charged. In St. John's, Newfoundland, the people are charged $8 a month. Business telephones cost $23 a month. In Newfoundland, of all places, Mr. Speaker, people are charged more for telephones than people in Montreal or Toronto! Surely to goodness this is another argument for public ownership of the telephone system in this country.

There is a privately owned telephone system in Vancouver, with about half a million subscribers. The charge for a private line is $8.05, and $24.20 for a business telephone.

Let me now turn to Edmonton, that great free enterprise province of the Conservative party. There, "Peter the Red" has a publicly owned telephone system. I notice that the one Conservative in the House is not even reacting to my comments. The rate in Edmonton for residence service is $5.80, which is the third lowest in Canada, with $5 in Regina and $4.90 in Winnipeg.

Mr. Parent: What is the rate in St. Catharines?

Mr. Nystrom: I do not have the rates for St. Catharines with me but I am willing to bet that the rates there are a lot higher. If the hon. member wants to defend Bell Canada, then he can rise in his place when I am finished.

In Sherbrooke the rate is $6.20 for private subscribers, and every single city which has a private telephone system has higher rates, in many cases 70 per cent to 80 per cent higher, than the rates charged by publicly owned telephone systems such as those in Saskatchewan, Manitoba, and Alberta. If the members of this House are interested in serving their constituents by giving them a telephone service at the lowest possible cost in these days of high inflation, high unemployment, and a depressed economy, they should join us in arguing that Bell Canada should be nationalized so as to serve the people of Canada better. This company should not be owned by a few shareholders who happen to be fortunate enough to have a few bucks in their pockets, possibly because they inherited those bucks from their granddads or their fathers. Let us take a look at some of these people who own Bell Telephone, some of these little old widows and orphans of the Conservative and Liberal parties who support this great free enterprise system in Canada. We find that the shareholders are large companies, and there are not many widows involved.

• (1722)

Let me refer to a number of them on this list I have, which includes Associated Investors Ltd., with 2,400 common shares of Bell Telephone; Canada Life, owning thousands and thousands of shares; The Canada Permanent Investment Company with some 5,000 shares; Canada Permanent Pooled, 10,000 common shares.

An hon. Member: And who owns those companies?

Mr. Nystrom: Who owns the shares of those companies? I suppose they are owned by other companies.

Then we have on the list the Canada Trust Investors Equity owning 15,000 shares; we have Canada Trust R.S.P. owning 62,000 common shares of Bell Telephone; we have Canadian International Investor Trust owning some 12,000 common shares; we have Commercial Finance owning 9,200 common shares; we have Confederated Life owning 62,400 shares, and

I could go on and on down the list. It includes Eaton Commonwealth owning 50,000 shares; Investors Growth owning 320,000 preferred "E" shares.

An hon. Member: What about senators?

Mr. Nystrom: Probably there are many senators who own shares of Bell Telephone. The ones I have named are a few of the shareholders, Mr. Speaker, and as you can see they include very few small ordinary citizens.

Really what the Liberal and Conservative members here are interested in is facilitating the passage of a bill that will make it easier for one of the large, uncaring and insensitive corporations in our country, to go on taking millions of dollars out of the pockets of the ordinary Canadian citizen.

I happen to note a headline in the Ottawa *Citizen* just handed me which states that Toronto is Bell's ringing headache; that is the city of Toronto. Perhaps some of the Ontario members would be interested in commenting on that. I do not know whether the hon. member from Toronto who is sponsoring the bill has seen that clipping or would care to comment on it.

There are many people in the Conservative and Liberal parties who say, and of course the Conservatives are not too interested in this debate today, that socialists, or people who are interested in public ownership, are not efficient because such companies cannot make any profits, and so on. I have already quoted to you the very low rate provided by publicly owned telephone systems in Canada, as I maintain all telephone systems should be owned. The lowest rates in the country and the best service are provided by the publicly owned telephone companies on the prairies.

Not only that, I find that in Saskatchewan, in spite of very low rates over many, many years, and in spite of the fact that our province is very rural and it costs a great deal to put telephone service in because of the hundreds of thousands of miles of prairie and the little villages, towns, and farms strung out mile after mile, all of which means a very expensive network to build and maintain, the company is still providing the service at the lowest rates in the country, and still comes up making a profit.

Let me quote here from the annual report of the Saskatachewan Telecommunication Company which is Sasktel. Liberal members might be interested in knowing that at a recent convention of the Saskatchewan Conservative party one of the delegates moved a resolution which would consider the possibility, as I understand it, of selling Sasktel. The leader of the Conservative party got up to his feet, took the microphone, and demanded that the resolution be withdrawn. That indicates that even an extreme right-winger like the leader of the Saskatchewan Conservative party, who demanded that the resolution be withdrawn, is interested in protecting Sasktel.

We can also refer to the Liberal party and to the late Ross Thatcher who was premier of the province. He did not do anything to sell off Sasktel or the Saskatchewan Power Corporation, both of which are publicly owned corporations in that province. Indeed, he made sure they were continued as publicly owned corporations. If he had tried to do so there would have been a revolt on behalf of the people.

I started to quote from the annual report of Sasktel—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I listened carefully to the previous speakers and I note that Bill C-1001 which has been renumbered now and again deals especially with an application from Bell Canada to be authorized to increase its number of common shares on the market and sell more shares than it is entitled to do under its existing charter to obtain new funds. We note that it is a financial problem.

I am aware that the companies gathered under the name of Bell Canada provide employment to thousands of workers in the operation of the telephone network system. Some subsidiaries manufacture telecommunication appliances while others are specialized in research. On the whole, it is an organization which has made Canada a forerunner in the telecommunication technology throughout the world while providing employment to thousands of Canadians. Quite true. I am a champion of free enterprise and I am pleased to promote it. However, it is proprer to control the development of large companies which can become monopolies. This is why I feel that it is normal to check the amendments requested which, in my view, would remove one of the controls which it is possible to have on that monopoly on behalf of Canadians. In the midst of inflation, while governments are trying to control rising prices and we have just seen our telephone bills increased, we wonder if there is any justification for these repeated requests by Bell Canada which complains that it does make enough profits.

• (1732)

The real question that one must ask is: Does not Bell Canada, with all the profits derived from its several subsidiaries, make sizeable profits? Indeed, the telephone company itself, with all the operation costs involved, can hardly make the sizeable profits required, as is the case for Bell Canada, to make its shares more attractive. But its subsidiaries amply compensate, in our opinion at least, for the slack periods of the telephone company. Without accusing Bell Canada and its subsidiaries of resorting to administrative sleight of hand, let me say that we find the company's request premature and excessive, considering the present economic situation. It must be kept in mind that Bell Canada is a monopoly and it is in this perspective that one must determine what margin of profit is acceptable. Moreover, since Bell Canada is a monopoly, we are in a position to require that it provide all users everywhere in Canada with a service comparable to that in large centres.

Therefore, considering its peculiar and privileged situation, we are demanding that Bell Canada release with the balance sheet of the telephone company those of its subsidiaries so that we might have a fair idea of the justification for its request. Otherwise its claims will not come to an end since obviously the operational costs of a telephone system will always go up. However, from an administrative point of view, it is important that all members of parliament have the opportunity to obtain appropriate information. They should not be deprived, because of legislation, of the right to look into the company's administrative mechanism from time to time.

It must be recognized that we are not dealing with a poor company since its revenues amounted to more than $200 million in 1976. It would be interesting to know how much it cost to provide free telephone service to over 20,000 employees of this company. What are the salaries of its senior managers? According to my information, there are average salaries of over $100,000. How did the company manage to reduce wage settlements with its regular employees by several million dollars? Doubtless, it was inspired by the fight against inflation. I have here an article published in the newspaper *La Presse* dated December 4, 1976, on the hearing held to take into consideration the request of the company. Let me quote one paragraph:

> The contingent of company officials and its troop of lawyers and accountants yesterday evacuated the third floor of the Chateau Laurier where they had been staying for five weeks. A similar hearing lasted 45 days in 1968 and cost the company $760,000.

One must admit those are extravagant expenses. It is high time the company worry about the administrative aspect of its business. When we realize what extravagant expenses are incurred in the various sectors of its administration, I feel we have reason to hesitate in giving our support to a bill that would help reduce the possibilities of obtaining relevant information in due course.

Where telephone line installation is concerned, we know full well there are difficulties and that the service could be improved. Out in the country, we can still find party lines being used by five to eight households. It seems to me the company could improve that situation. I have here a clipping from the newspaper *La Presse* giving a summary of the difficulties encountered.

This situation is not affecting only individuals. In the city of Laval, a number of businessmen are complaining that they cannot get telephone services even in industrial developments which were planned a long time ago. I am quoting from this article: In Fabreville, the delay in telephone installation is due to a pole problem. It is Quebec Hydro which is responsible for putting up telephone poles for Bell Canada—explained Mr. Albert Gagnon, a Laval contractor. The dealings between the two corporations are sometimes slow, but a great many people think that it is difficult to obtain a telephone line, which is quite embarrassing for us and greatly untrue.

The clients of suburban contractors want absolutely to break the feeling of isolation by having the telephone installed in a number of subdivisions. If they cannot get the telephone, buyers will become rare. People do not stop complaining: this is a ridiculous situation, Mr. Roger Brousseau, Deputy Industrial Commissioner for the City of Laval, is reported as saying. We work hard to attract industries, everything is planned, carefully prepared, but people complain constantly about the telephone service. There is no problem with Quebec Hydro, why are there problems with Bell Canada? The poles are there, but some industrialists have to wait months when only 500 feet from their plant their neighbour has had the service for a long time. I have seen it in my area. They were waiting for Quebec Hydro to install a pole in order to connect someone who had asked for the service a long time ago.

Some people claim that Bell Canada had them wait several months before installing a private line. But when they asked for a business line, they were told they could have got it in two days. The only difference is in the price: a residential line costs $6.50 in Chomedey and a business line $19.00 a month. In Montreal, it's $7.10 and $20.75 a month.

I think the company representatives should use part of their surplus to improve the telephone service in all the areas where it is necessary. I admit that since a 27 year-old genial inventor discovered the principle of voice transmission over telephone lines on July 26, 1874, cities have grown larger, regionalization has been made necessary by modern life and contacts with telephone operators have become less personal. This modernization offers a number of advantages but there are also disadvantages. The number of telephone calls has considerably increased. Bell Canada personnel is generally tactful, courteous and poised. The organization of such a communication system obviously requires skilled staff; to this we can add repair work which is not always an easy task, especially in winter. When there is a storm, they have to set to work on Sunday, in the evening, at any time; the repairs must be made as quickly as possible.

There are delays especially in telephone installation and I think that the company, which surely wants to keep a rather well-established reputation, should direct its planning efforts in this area. I have here an article from the newspaper *La Presse*, dealing with the present situation in the province of Quebec. I quote:

> There are 31 telephone companies in Quebec but Bell Canada alone accounts for 90 per cent of the Quebec telephone industry.
>
> Actually, Bell Canada holds the most interesting operation areas, namely the main urban centres where rates are higher because of the larger population which can be served and where operations are less costly because of the proximity of services.
>
> For example, one telephone installation in Montreal costs over $800.00 whereas one installation on the North Shore by Quebec Telephone costs $4000.00.
>
> Bell has nearly three million telephones installed whereas the other thirty companies put together have hardly 300,000 sets.
>
> The biggest company operating exclusively in Quebec, the Quebec Telephone, a branch of an American company, has only 190,000 sets installed, even if they cover 40 per cent of the province of Quebec. Needless to say, the other companies are rather small businesses.

I shall conclude by quoting an editorial published quite some time ago, on December 28, 1971, two days before the New Year, but since it summarized a serious situation and also

made an important suggestion to Bell Canada, I think it would be appropriate to conclude by reading it. The editorialist wrote about Bell Canada:

> Bell Canada gave a very personal gift to its subscribers just before Christmas—an increase in monthly rates. For many people, 50 cents is not a tragic increase, but it is different for many others.
>
> We shall not argue that the telephone has become a necessity nearly of the same order as food. In an era of mordern communications, the telephone is part of the effective operation of a world which has become a victim of its innovations and its intelligence. Bell Canada can rest comfortably in the knowledge that it has a monopoly and that no competitor can bother it.
>
> However, we should like to take this opportunity to make a valid observation to this company. You probably remember the adventure of the dozen boys and girls who got lost in the woods of the Joliette area a few weeks ago. Searches were undertaken as soon as they were missed at a certain place. Two courageous young men walked all night through the snow and discovered a public telephone in a desolate place. They were saved. But were they really? The first question they asked each other was: "Do you have a dime?" One of them found this miraculous item, a measly dime, in his pocket. What would have happened if they had had no money? They had safety within their reach, but they could not have made contact. They could have suffered a terrible fate because of this.
>
> All this goes to say that Bell Canada never gives anything free. Even in a telephone booth you must pay ten cents before reaching the operator simply to ask for information. Then, they will say that Mother Bell thinks of us. This is a striking example of the lack of responsibility of a company whose structures are often debatable.

And the editorialist closes with a suggestion:

> —at least correct this anomaly in telephone booths; the communication should be given first without the customer having to deposit this famous dime. There are other aspects to public telephone than its non-urgent use.

I believe that this suggestion deserves to be considered by Bell Canada.

● (1742)

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise to participate in this debate and to express some surprise that an hon. member from Saskatchewan, the hon. member for Yorkton-Melville (Mr. Nystrom), and a member like myself, members who live in provinces which have publicly owned telephone systems which for generations have consistently supplied efficient service at substantially lower rates than now provided by Bell Canada, should participate in the debate while Liberals and Conservatives from Ontario and Quebec, who should be protecting the interests of their constituents, remain silent on this issue.

Some hon. Members: Shame!

Mr. Orlikow: Let me point out, as did the hon. member for Yorkton-Melville, that the publicly owned telephone systems in Manitoba and Saskatchewan were not some kind of wild experiments instituted by radical governments. I do not remember precisely when the Saskatchewan telephone system was set up as a publicly owned utility, but in my province of Manitoba the telephone system for the whole province became publicly owned and operated in 1908, long before the NDP, the CCF or its predecessor, the Independent Labour Party, were formed.

It was formed long before J. S. Woodsworth, the founder of the CCF and the predecessor in the seat now occupied by the hon. member for Winnipeg North Centre (Mr. Knowles), came to this parliament. That publicly owned system was established by a Conservative premier of Manitoba, Sir R. P. Roblin, the grandfather of a later Manitoba Conservative premier, Duff Roblin, and the people of Manitoba have benefited every year since.

I am not going to go over the comparable rates for various cities, but I want to point out to hon. members from Ontario and Quebec, who should be interested, that in the 15 years I have been here there has not been a year in which the rate for telephone service for a month in the city of Winnipeg has been higher than that in the city of Ottawa. And Winnipeg is bigger than Ottawa. We are told by representatives of Bell Canada, when it suits them, that it is very expensive to instal and operate telephones in very big cities because very complicated and sophisticated equipment is required, so I have to assume that, if Bell Canada tells the truth—and I assume it does sometimes—if anything, it would cost more to instal an efficient telephone system in Winnipeg than it would in Ottawa. But every year since I have been here the monthly charge for telephone service in Winnipeg has been substantially less than the amount charged by Bell Canada in the city of Ottawa. Yet we have this strange silence of Ontario and Quebec members and the even stranger introduction of this bill by a member from Toronto.

If this bill is passed—and I can assure the hon. member it will not be passed very easily, if it is passed at all—it will give to Bell Canada the authority and power to charge the subscribers of telephone service in Ontario and Quebec even more than it does now, and to rip off the subscribers even more than it has been able to do up until now. I would not have expected the hon. member for Scarborough East (Mr. O'Connell), who is one of the better members on the Liberal side, to introduce this kind of bill.

Bell Canada comes here and tells members of parliament that this is a bill which simply relates to the company's ability and methodology of capitalization, including the removal of the scrutiny of the appropriate regulatory government agency, which at the present time is the CRTC, and Bell Canada advances reasons, which I will try to analyze briefly, why that kind of regulation—which we have had until now and which, in my view, has not been very successful because Bell Canada has been permitted increases in its rates almost every year since I have been here—is not necessary.

If it passes, this bill would grant Bell Canada the power to borrow, issue stocks, bonds, debentures or other securities as the company deems necessary. It would also give Bell the right to fix whatever price on such sales that it wishes. Certain clauses of the bill would provide Bell with the authority to establish such voting rights, bylaws, procedures and alterations to share issues as Bell may deem necessary.

The present authorized capital of the company is $1.75 billion. Bell proposes a capitalization capacity of $5 billion. It proposes to broaden the company's incidental and auxilliary powers, and to provide the company with the authority for the alteration, by letters patent, of the company's objectives and

powers. This would be achieved by revoking the relevant clauses in Bell's act of incorporation and replacing them with the authority granted under the Canada Corporations Act, and the authority for using letters patent as outlined in the Telesat Canada Act. Bell wants to be allowed to change the rate of interest payable on overdue phone bills to "a rate equal to the prime rate as described in section 178(2) of the Canada Corporations Act" instead of the present rate allowed by the CRTC of 6 per cent. These changes might not seem very startling or significant. However, the essence of the bill is to remove Bell from any kind of effective regulation and, in effect, to treat Bell as an ordinary corporate citizen.

Let us look at what happens now when Bell wants the kind of major change it is proposing here in this bill. The bill has to be approved by parliament first, and I would have hoped hon. members from Ontario and Quebec, whose constituents are mainly affected by anything Bell does, would have been participating in this debate because of the importance of the telephone system in the life of every citizen in Ontario and Quebec. In addition to that, after the bill is passed here it goes to a committee where representations can be made by interested organizations.

We know from earlier discussions on similar bills and from representations which have been made to the CRTC—and before the CRTC had authority, to the Canadian Transport Commission—that the most diverse organizations made representations in connection with Bell Canada. You had unions, consumer organizations, the Ontario government, the Quebec government, municipal governments, making representations to the CTC or CRTC because they knew the importance of watching Bell Telephone. They knew that Bell—I do not blame it—a privately owned corporation, is interested in making as much money as it can. The various organizations I have mentioned knew that increasing the rates more than they needed to be increased would dearly cost the people they represented, so they made representations on behalf of them.

● (1752)

The silence of Liberal and Conservative members of parliament from Ontario and Quebec is interesting and significant. The changes which are proposed to take place in the Bell structure and the ability of Bell to do what it wants which are contained in this bill, may not seem startling or significant. But the effect of this bill would be to remove Bell from any kind of effective regulation and treat it as an ordinary corporate citizen.

I suggest to the mover of this motion that one does not have to be a socialist to recognize the importance of regulating a system such as Bell Telephone. Bell is a monopoly; it has almost 100 per cent of the telephone communications business in Ontario and Quebec. Bell did not always have this monopoly, but because of its superior power it has driven all its competitors out of business. We say that if we must have a monopoly—and we make no excuse for our belief, if a monopoly is the best way to operate a service—it is much better to have a public monopoly than a private one.

It is interesting that in the province of Ontario and in the province of Quebec, neither of which has ever had an NDP or CCF government, the electrical power systems are publicly owned. The hydro system in Ontario was made a public utility by a Conservative government almost at the same time Mr. Roblin made a public utility out of the Manitoba telephone system. The Quebec hydro electric system was made a public utility by a Liberal government in 1962 because it realized, as have many jurisdictions, that if a monopoly is the most efficient way of providing a service, a publicly owned monopoly is best.

We have a privately owned monopoly of the telephone system in Ontario and Quebec. What this bill proposes to do is give that private monopoly the kind of power that would permit and encourage it to increase its rates, to manipulate the books, to purchase more subsidiaries, to channel more of the profits from the subscribers even where the rates are at least partially regulated by the CTC or CRTC, into subsidiaries, wholly or mainly owned by Bell, over which there is no regulation, and which are able to amass profits in the tens and hundreds of millions of dollars.

Bell wants to be able to increase capitalization of its debt or equity when it pleases, without approval of the CRTC or a public hearing. I do not have much trust in Bell, Mr. Speaker. I do not believe it is concerned about its subscribers or its employees.

I have in front of me an article in which Mr. Andy Stewart, President of the Public Service Alliance of Canada, is quoted. The article from *The Last Post* of November, 1977, deals with the question of indexing pensions. I know this is not the time to discuss that question but I should like to put Mr. Stewart's comments on the record. The article reports him as follows:

> When the chief executive officer of Bell Canada retired, Stewart said, he received a lump sum payment of $575,000, was made a member of the board of directors at $201,000 a year and was guaranteed a $100,000-a-year pension when he fully retired.

I know Bell Canada knows how to protect the interests of its shareholders, and certainly the interests of its corporate management, but I do not think it is very interested in providing the cheapest possible service for its subscribers. The way in which it has reduced the number of its employees so drastically in the last few years indicates pretty clearly that it is not interested in protecting the rights of its employees.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, pursuant to order made Thursday, October 27, 1977, this House stands adjourned until Monday, November 14, 1977, at two o'clock.

At six o'clock the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Monday, November 14, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

INFORMATION

ALLEGED WRONGFUL DENIAL OF RIGHT OF PEOPLE TO KNOW ABOUT URANIUM CARTEL REGULATIONS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order No. 43 on a matter of pressing and urgent necessity. I wish to move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), if given unanimity, the following motion arising from a judgment of His Lordship, the Chief Justice of Ontario, Mr. Evans, concerning a regulation passed by the Energy Control Board and approved by order in council by the cabinet on September 23, 1976, which made it an offence, among other things, to discuss an unlawful uranium cartel which was agreed to be set up with the consent and support of the government of Canada.

Against the legality of the said regulation an application was made to the courts by the Leader of the Opposition and other members of this House. The application for relief was denied by the court.

Although parts of the said regulations have been altered recently, the principle of the judgment remains, that this government clandestinely approved of a regulation that denies parliamentary privilege and as well the rights of the people to know what is going on and denies freedom of the press and media, and in fact under said judgment it is apparent that what was done was within the power of the government.

Therefore, I move:

As this House considers the said regulation and the order in council to be totally unjustifiable and dangerous it is necessary to inform the people of the unlawful action and wrongdoing of the government which constitutes an arbitrary and perilous denial of the democratic rights of the Canadian people, and, for members of this House, a derogation of parliamentary principle.

Mr. Speaker: Presentation of such a motion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

NATIONAL DEFENCE

REQUEST FOR STATEMENT BY MINISTER ON POSSIBILITY OF DOMESTIC INTELLIGENCE ACTIVITIES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the serious allegations regarding the maintenance of a domestic security network of informants and agents by the Canadian Armed Forces, which has allegedly enabled them to supply detailed reports of the activities of unions, and of other legal groups, to the federal government, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Minister of National Defence to make a statement on motions on whether domestic intelligence activities have been carried out by the Canadian Armed Forces and, if so, under whose authorization and for what purpose.

Mr. Speaker: This motion can be presented pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

ROYAL CANADIAN MOUNTED POLICE

PROPOSED REFERENCE TO COMMITTEE OF ACTIVITIES OF SECURITY GROUPS—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In light of the disclosures in the media today clearly indicating interference and influence from the ministerial level in reference to the RCMP, which shows further ministerial irresponsibility and culpability; and in view of the undisputed fact that the conduct of security matters in Canada by the RCMP has been of the highest calibre before interventions by the Solicitor General's department and the setting up of the police and security planning and analysis branch of the same department, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the said security planning and analysis branch activities in every regard be referred to a special committee set up by this House with the right to call witnesses and obtain and subpoena documents.

Mr. Speaker: Presentation of such a motion for debate can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PROPOSAL THAT ALL SECURITY DECISIONS BE MADE BY COMMISSIONER—MOTION UNDER S.O. 43

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that all Canadians have more faith in the RCMP than they do in the Prime Minister and this government—

Some hon. Members: Hear, hear!

Mr. Hurlburt: —I move, seconded by the hon. member for Annapolis Valley (Mr. Nowlan):

That immediate action be taken to have all security decisions made by the commissioner of the RCMP until after the next federal election, at which time a new prime minister will take office in the name of Joe Clark.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF SOVIET MINISTER OF FISH INDUSTRY, MR. A. A. ISHKOV

Mr. Speaker: Before beginning the oral question period, I know that all hon. members will want to join with me in signalling the presence in our gallery of a very distinguished visitor, Mr. A. A. Ishkov, the Minister of the Fish Industry of the U.S.S.R.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

NATIONAL SECURITY

INQUIRY WHETHER SECURITY PLANNING GROUP HAS OPERATIONAL ROLE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Solicitor General and it concerns the security planning and analysis group. As the minister will recall, when that group was originally announced by his predecessor twice removed, the minister made it clear at that time—

Mr. Knowles (Winnipeg North Centre): All of them should have been removed.

[Mr. Speaker.]

Mr. Clark: —that the functions of that group would be simply to analyse information and advise the minister. He went on to say: "The group has no operational duties". Will the Solicitor General tell the House whether the security planning and analysis group now carries out operational duties, or is involved in any way in the carrying out of the operations for anyone else?

Hon. Francis Fox (Solicitor General): Mr. Speaker, it has been explained time and time again, and as recently as last April or May, when members of that organization appeared before the Standing Committee on Justice and Legal Affairs in order to explain their estimates. The question was put a number of times by the hon. member for Yukon and the answer was given at that time. There has been no change. That group does not have any operational responsibilities.

Mr. Clark: Mr. Speaker, in order to understand what the Solicitor General is saying, is he saying that this group is not involved in any way whatsoever with the operational activities of any other branch or agency of the government of Canada?

Mr. Fox: Mr. Speaker, obviously the group receives information from other agencies which have operational capabilities, in particular from the RCMP security services for the purposes of analysis.

Mr. Clark: Mr. Speaker, the Solicitor General has now said that this group receives information from operational groups. Is it involved in giving instructions or directions, which would be operational, to any other agency of the government of Canada, including the security services?

Mr. Fox: Mr. Speaker, I have examined the matter in detail with the members of that group, and it is quite clear they are not involved in operations. They are on the receiving end of the information gathered by other agencies.

POSSIBILITY MINISTER MISLED BY SECURITY PLANNING GROUP

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the function of that group, as we understand it from the minister and the terms of reference, has been an advisory role to keep the minister advised. Frequently in this House the minister has, to his own discomfort, admitted that he has been badly briefed presumably by the security and analysis group. Will he tell the House whether the group had information which it did not pass along to him resulting in his not knowing what he should have known, or did they not have that information and were they consequently not performing their functions effectively?

● (1417)

Hon. Francis Fox (Solicitor General): Mr. Speaker, I do not believe I ever indicated that I had been mislead by that group. If the hon. member wishes to raise specific instances, I would be pleased to reply to him.

Mr. Clark: Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Central Nova.

ROLE PLAYED BY INSPECTOR BANNING IN SECURITY PLANNING GROUP

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General. Further to a conversation we had this morning I would like to ask him if he can now give the House any further information on the role played by the police and security planning and analysis branch with reference to any duties or activity involving Inspector Pat Banning. I understand this man was a career RCMP officer seconded to this group.

Hon. Francis Fox (Solicitor General): Mr. Speaker, I thank the hon. member for getting in touch with me this morning. He asked me a specific question concerning superintendent Banning. I have made inquiries. Mr. Banning served within the police and security group from August, 1971 to the month of June, 1973. He occupied the position of director of security policy, which was exclusively involved with the question of policy formulation within that group during that period of time.

AVAILABILITY OF INCOME TAX INFORMATION TO SECURITY PLANNING GROUP

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I want to thank the minister for his answer, and I would like to ask him a related question. As far as the principle of income tax confidentiality is concerned, a matter raised by the right hon. member for Prince Albert on October 26, can the Solicitor General indicate whether any police security services of government have in fact had a liaison with the Department of National Revenue—the information from which may be found, I am informed, in the "L" section files of the RCMP—so that this information has been in fact available to the security services from the Department of National Revenue for some period of time, in addition to the agreement which was referred to in this House not so long ago between the Department of National Revenue and the RCMP?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I have not been able to come across any indications of such a practice up to this moment. As I indicated in the House on Thursday, I asked the RCMP to provide complete briefs on all their investigative practices and procedures so that they may be brought to the attention of the royal commission of inquiry looking into the RCMP.

Oral Questions

NATIONAL DEFENCE

ALLEGATION ARMED FORCES CONDUCTED DOMESTIC INTELLIGENCE ACTIVITIES—GOVERNMENT POSITION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of National Defence. Would the minister confirm that the army's intelligence branch has maintained a domestic service or a domestic operation which has been involved in the monitoring of Canadian trade unions? Related to that, would he confirm that the reports which were allegedly prepared were then submitted to the cabinet?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, there is no activity on the part of the security intelligence unit of the Department of National Defence which does any surveillance on trade unions at all. We have no agents or undercover people involved in such activity. We monitor a number of people and organizations across the country, and if indeed we are asked, we have a responsibility to respond to requests for aid by civil authorities, but we do not as a practice carry on any infiltration or monitoring of such organizations.

Mr. Broadbent: Mr. Speaker, I listened to the minister's answer with care, just as I am sure he chose his words with care, but I would like to ask him specifically with regard to the allegations which were made in a number of newspapers and in other forms of media in the past 48 hours whether there has been a branch of the armed services which has studied the financial operations of one or more trade unions in Canada, which has prepared comments on the likelihood of success in internal trade union elections and which has commented in any detailed way on the internal performance of one or more trade unions? Has there been any branch of the armed services involved in that kind of surveillance and submitting that kind of report?

Mr. Danson: Mr. Speaker, there are files on various organizations in the country which are kept. There is monitoring in that sense. Perhaps I was incorrect in using that word before. This applies to some political groups, to some business groups and to individuals across the country. We have a responsibility to respond to the attorneys general of the provinces in the event they need the assistance of the armed forces. The chief of the defence staff has the obligation to respond. The level of response and the nature thereof is a matter of his judgment, so he must have information available to him which will give him an indication of the type of response he should provide.

POSSIBILITY ARMED FORCES MONITORED INTERNAL OPERATIONS OF UNIONS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the minister seemed to be much more forthcoming in his response the other day outside the House when he heard about these allegations. He just said in the second answer if I heard him correctly that there was indeed the monitoring of certain organizations, including business organizations. I thought his first answer denied that and implied they might be looking at the observance of certain individuals. I should like to ask him

to clarify that because it is fundamentally important in terms of the preservation of civil liberties in the country. Most specifically, he did not answer the question about the observation of internal financial operations. A reference has been made to the Canadian Union of Public Employees. Has any branch of the armed services monitored the internal operations of that union, including an assessment of the possibility of the electoral success or the contrary of certain candidates for office? Has it studied the financial operations of that union?

● (1422)

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I have no information that such information has been kept.

An hon. Member: Have you asked?

Mr. Danson: I have asked and I have rather comprehensive reports from my people as of today. There are still questions I am asking which I will be asking tomorrow and if we do not have all the information on that I will be asking the day after tomorrow. We are quite certain that we do not engage in such covert operations. We must have information to be available to respond to these civil authorities if we are called upon and the chief of the defence staff must have that information to measure the level of his responsibility.

[*Translation*]

INQUIRY WHETHER McDONALD COMMISSION WILL INVESTIGATE ARMED FORCES

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, first I would like to say to the Minister of National Defence (Mr. Danson) on behalf of my constituents that I am most grateful to him for having authorized the Royal 22nd Regiment's band to be part of the celebrations on Remembrance Day.

On that subject, my question is indeed directed to the Solicitor General. Since on that occasion yesterday I had the opportunity to meet many military people and since news agencies have reported that the McDonald commission will probably inquire not only into the RCMP but also into the Canadian Armed Forces, could the minister tell the House if this news which has been spread among the population is true and if so could he justify such a decision?

Hon. Francis Fox (Solicitor General): Mr. Speaker, there has not been any change so far in the terms of reference of the McDonald commission which was requested to examine procedures and practices within the Royal Canadian Mounted Police.

Mr. Lambert (Bellechasse): Since this piece of news has now been released, Mr. Speaker, could the minister advise the House whether he will ascertain where it came from and whether it is false, for it is of concern to some people and to the military, and the Canadian people have a right to know. If all our institutions are to be investigated and if as much time is spent discussing the possibility of investigating the Armed Forces as is spent now discussing the RCMP, I feel the Canadian economy will suffer, because administrative matters are thus disregarded.

Mr. Fox: Mr. Speaker, I want to thank the hon. member for his kind remarks concerning our democratic institutions and his suggestion that they are essential to the preservation of our present government system. I can assure the hon. member that I shall try to trace to their origin this piece of news and the findings he made yesterday during the Remembrance Day celebrations.

[*English*]

CONNECTION BETWEEN SECURITY PLANNING GROUP AND ARMED FORCES SECURITY GROUP

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. Would he be kind enough to tell the House what connection there is between the security and intelligence directorate of his department and the security and planning analysis group which is part of the Solicitor General's office? Which way do the intelligence reports flow or do they communicate with each other on a regular basis?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, we have a liaison officer in the police and security planning branch, a captain and an NCO clerk, I believe, who maintain liaison between the two branches. There is an interchange of information which we can pass on for assessment.

● (1427)

Mr. McKinnon: Could the minister also tell the House whether the operational direction given to the armed forces security directorate originates with the security and planning analysis group or whether it originates with someone else, and, if it should be the latter case, with whom?

Mr. Danson: It originates within our own intelligence services through Brigadier-General Davros who reports to the CDS. Our work is confined to the armed forces and involves only the armed forces and direction is not taken from the security and planning analysis group.

NUMBER OF BRIEFINGS GIVEN MINISTER BY INTELLIGENCE UNIT

Mr. Allan B. McKinnon (Victoria): Would the minister inform us approximately how often during his first year as Minister of National Defence he was personally briefed on security matters by his intelligence and security directorate?

Hon. Barney Danson (Minister of National Defence): As far as major briefings are concerned, I was briefed shortly after I came to the department. I have had at least two briefings since then, and, in the last few days, several.

Mr. Knowles (Winnipeg North Centre): No doubt!

ROYAL CANADIAN MOUNTED POLICE

REASON FOR FAILURE TO REPORT INTERCEPTION OF SOME COMMUNICATIONS AS REQUIRED BY OFFICIAL SECRETS ACT

Mr. Erik Nielsen (Yukon): My question, Mr. Speaker, is for the Solicitor General. The former solicitor general, now Minister of Consumer and Corporate Affairs, made three specific reports to parliament under section 16(5) of the Official Secrets Act in which he indicated that the only methods of interception utilized were wiretapping and eavesdropping by microphone. This amounts to misleading the House contrary to the former solicitor general's duties as prescribed by law. Will the Solicitor General explain why it was that his predecessor so seriously misled the House and why he was unable to obtain from his officials the details of the mail interceptions routinely carried out during the years he was solicitor general?

Hon. Francis Fox (Solicitor General): As to the reporting requirement the hon. member mentioned, it is my understanding that it is a requirement under the provisions of section 16 of the Official Secrets Act which was added to the legislation in 1974 and my understanding is that it obliges the minister to make an annual report to parliament on interceptions of communications which had been made under that section of the Act.

Mr. Nielsen: The minister has neglected to explain why reference to mail interceptions was omitted. The last report made under section 16(5) of the Official Secrets Act was signed by the present Solicitor General. Will the hon. gentleman tell us whether he asked for or received any advice from his predecessor who held the office of Solicitor General until September, 1976, concerning interception of communications other than by wiretaps or bugging, specifically the interception and copying of mail?

Mr. Fox: My predecessor did say in that report which was tabled last year that there had been a request submitted to the Department of Justice for a legal opinion to ascertain whether an interception of the mail could be made legally under section 16(5) and the opinion received from the Department of Justice was that the opening of mail could not be legally carried out under section 16(5) of the Official Secrets Act and that section 43 of the Post Office Act took precedence over the Official Secrets Act.

Mr. Nielsen: The minister failed to mention that in that report only one authorization was requested. Will the Prime Minister tell the House, in view of the massive failure of the former solicitor general to exercise his responsibility as clearly outlined in section 16(5) of the Official Secrets Act affecting one of the basic pillars of our constitution, whether the former solicitor general, now Minister of Consumer and Corporate Affairs, is prepared to tender his resignation for his part in allowing this sordid affair to develop?

Right Hon. P. E. Trudeau (Prime Minister): The hon. member is making an argument and a suggestion. I think both are quite false.

KNOWLEDGE OF DIRECTOR GENERAL OF SECURITY SERVICE OF INTERCEPTION OF MAIL

Mr. Allan Lawrence (Northumberland-Durham): A supplementary question to the Solicitor General relating to mail interceptions. The hon. member will recall that on Thursday last I asked him who else in rank above the deputy director of the security service knew about the mail interceptions. His answer to me was: "We have not yet been able to determine whether any higher authority than the one I have mentioned was aware of these activities at the time." Four days having now elapsed since Thursday, I ask him whether he can tell me specifically whether the director general of the security service knew about mail interceptions in June of 1976 when they were terminated.

● (1432)

Hon. Francis Fox (Solicitor General): Mr. Speaker, the answer is that the director general of the security service was not aware of any case where the mails had been opened contrary to Section 43 of the Post Office Act.

PRESENCE OF DEPUTY DIRECTOR OF SECURITY AT MEETING CONCERNING POSSIBLE FURTHER ILLEGAL ACTIVITIES

Mr. Allan Lawrence (Northumberland-Durham): That is not what I asked. I asked if the director general knew of any illegal mail interceptions at that time. If the answer to that is no, I would simply ask this. Was the deputy director general present at the conference a few weeks ago when the Solicitor General asked his advisers, and presumably they would be the security advisers, whether the security service at that time were engaged in any other illegal activity other than the APLQ break-in. The Solicitor General is looking puzzled. He will remember that when the whole matter of the APLQ break-in came to light, he told this House that he had been assured by his security advisers there was no other illegal activity carried on up to that time by the RCMP. Obviously the security service knew about the mail interceptions in June 1976. My question is whether the deputy director general of the security service was present at that conference the minister had with his advisers.

Hon. Francis Fox (Solicitor General): No, Mr. Speaker. The deputy director general of operations was not present at that time. The question was put to the then Commissioner and the present deputy director general of the security service. They had no knowledge. I have spoken with the director general of the security service. I have not had the opportunity of speaking with the former Commissioner. It is quite clear the director general of the security service had no knowledge of mail interceptions which led to opening of the mail.

Mr. Lawrence: Are we to assume that in June, 1976 the deputy director general of the secret service knew of the mail interceptions but at that time and since the director general did not know? Are we then to assume that there was a breakdown in communications at that level in the security

service or that people simply did not tell the truth at the time of the conference with the minister?

Mr. Fox: Mr. Speaker, I do not think there is any question of people not telling the truth. The people of whom the question was asked, namely the Commissioner and the director general of the security service, both replied there were no other illegalities to their knowledge. I have no doubt that that was the case. It seems quite clear that the director general of the security service was not advised of any illegal acts concerning the opening of the mail.

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REGIONAL ECONOMIC EXPANSION

POSSIBLE REDUCTION IN ROLE OF DEPARTMENT—GOVERNMENT POSITION

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is to the Minister of Regional Economic Expansion. In view of reports over the weekend in the press that the government has considered a reduction in the role of the Department of Regional Economic Expansion, can the minister assure the House there will be no reduction in the support and assistance by the government to expand and diversify the economy of slow growth areas of Canada?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, it is with pleasure that I thank the hon. member for giving me the opportunity to dispel the rumor that went around over the airwaves across Canada last weekend. Mr. Speaker, there is absolutely no question, and there will probably never be, of doing away with DREE because its role is much too important and if anything, people want it increased. I can therefore assure the hon. member that we shall also continue to look after the interests of his area.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED USE BY SECURITY FORCES OF MEDICAL FILES—METHOD BY WHICH FILES OBTAINED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Solicitor General. In view of the fact that reports, allegedly from RCMP sources, indicate that the key operations branch of the RCMP have been carrying on surveillance over university groups, teachers' federations, legitimate political parties and trade unions, and finally that they have been securing without authorization confidential medical files for the purpose of using these files to disrupt what they consider to be radical organizations, I want to ask the minister if the confidentiality of medical files has been violated by any of the sections under his control. If so, what is the purpose of securing these medical files? Is it for the purpose of blackmail? How can this possibly be used in any legitimate way by a democratic government?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I want to first point out that there is no systematic surveillance of groups, be they political parties, unions or any other group such as the hon. member has mentioned. There is, of course, surveillance of individuals who may constitute a security risk to the country. In the case of the medical files that have been referred to, preliminary investigations indicate that there was access obtained to medical files as a result of threats that had been made against prominent Canadians from time to time. In the pursuit of their duty to protect these Canadians, the security service did obtain some medical information. I am told there were no surreptitious means employed in obtaining that information. In any event, as is the case with all the other practices and procedures employed by the RCMP, they are being referred to the royal commission inquiry into the practices and procedures of the RCMP.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am sure the House would be interested in knowing how these medical files were secured. If they were not secured surreptitiously, were they secured with the authorization of the health authorities of the province in which they were secured and were they secured with the knowledge and consent of the individuals concerned?

Mr. Fox: Mr. Speaker, I would be very surprised if they were obtained with the knowledge and consent of the individuals concerned. If it is quite clear that a threat of violence has been made by an individual, I believe it is proper for the RCMP security service to check out the nature and possibility of that threat. In other cases the matter was indeed, if they were obtained, with the consent of the people who remitted the files to the RCMP. As I indicated before, this whole matter along with the other practices and procedures of the RCMP will be the subject of an in-depth examination by the royal commission which was set up by this government.

REASON FOR ALLEGED SURVEILLANCE OF TRADE UNION LEADERS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have never seen such a case of "there is nobody here but us chickens."

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Following the allegation that the intelligence unit of the Department of National Defence secured information by domestic surveillance and passed that information on to the security intelligence and analysis group under the minister's department, and this was disseminated to ministers of the Crown, I want to ask the minister about the statement which is quoted in this morning's paper with reference to the Minister of Labour who, when being informed of this alleged spying on trade unions, is quoted as having said "It doesn't surprise me. I do not think it

would surprise many union leaders that they have been under surveillance for some time." I want to ask the Solicitor General whether these many trade union leaders referred to by the Minister of Labour have been under surveillance for some time and, if so, why?

Hon. Francis Fox (Solicitor General): Mr. Speaker, if the hon. member wants any "éclaircissement" as to what the Minister of Labour wanted to say, I think he should ask the Minister of Labour. Our position has always been quite clear. There is, of course, surveillance of individuals in this country who may constitute a threat to national security, but legitimate political parties or trade unions in this country are not the object of systematic surveillance. If the hon. member opposite believes you should set up a group of preferred Canadians such as those in trade unions and political parties who are not subject to any kind of surveillance even if they constitute a threat to national security, I do not believe that argument would stand.

Some hon. Members: Hear, hear!

* * *

NATIONAL HEALTH

AVAILABILITY OF INDIVIDUAL MEDICAL FILES TO SECURITY SERVICE—REQUEST FOR ASSURANCE CONFIDENTIALITY MAINTAINED

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I have a question for the Minister of National Health and Welfare. It is in the public interest as well as in the interest of individual Canadians that their medical files be kept absolutely confidential. I interpreted the Solicitor General as saying that there was cooperation by the insurance plan authorities with the Security Service in providing these confidential documents to the Security Service. I would ask the Minister of National Health and Welfare whether this information was passed on by insurance plan authorities to the security services with her knowledge and consent. If it was not with her knowledge and consent—I realize she has not been in her portfolio for too long—was it with the knowledge and consent of her predecessor?

● (1442)

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am just thinking of the expression "red herring" which describes exactly what the hon. member is now trying to do. Last week was spent making interpretations of interpretations. I think I am going to be forced to go back to Carleton University to give a conference to which I shall invite the hon. member.

[*English*]

Mr. Yewchuk: A supplementary question, Mr. Speaker. It appears to me that once again the minister has failed to match up her answer with the question that was put to her. I should like to ask her this. In view of the fact that confidential medical records are of great importance to individual Canadians from the point of view that they must be assured that private medical information is kept confidential by the people who receive it, can she assure the House that she, as national health and welfare minister, will immediately take steps to determine how this kind of information is getting out to the security services, and will she inform the House what she plans to do about ensuring that such an occurrence can never happen again?

[*Translation*]

Miss Bégin: Mr. Speaker, I cannot add anything for the House during the oral question period, because the objective is to inform the Canadian people and not to make unfounded innuendos; I cannot answer anything else to a question which does not concern me but which concerns perhaps the provincial hospital administration. As far as a federal minister of health in Canada is concerned, everybody knows that he follows the policy established by professional medical associations, namely the confidentiality of patient files.

[*English*]

PROPOSED CONSULTATION WITH PROVINCIAL AUTHORITIES TO ENSURE CONFIDENTIALITY OF MEDICAL FILES

Mr. Paul Yewchuk (Athabasca): A final supplementary question, Mr. Speaker. I am very much aware of the fact that medicare schemes are administered by the provinces. I am also aware of the fact that there is some federal participation and that the federal government has certain guidelines which the provinces must follow. I would ask the minister, on behalf of the people of Canada, to consult with the health ministers of each of the provinces to determine what security measures they take and to see whether they are adequate to ensure that confidential information on people's health is indeed kept confidential.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am prepared to ask my predecessor if the matter was raised during federal-provincial ministerial meetings and consider the relevancy of the suggestion.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

URANIUM CARTEL REGULATIONS—INSTRUCTIONS TO FEDERAL COUNSEL IN COURT CASE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Justice; I would not want him to feel that the Solicitor General has taken over the administration of justice. In the instructions which were given to counsel on behalf of the government in connection with the application or motion made by the Leader of the Opposition and other members of parliament, was it suggested that the Bill of Rights should not be permitted to be con-

sidered, and that the Organization of Civil Liberties, which desired to present evidence and argument on behalf of the Bill of Rights in that case, should be denied that right?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I discussed our instructions with Mr. J. J. Robinette, who was acting for the Attorney General of Canada, and made it clear that there were two points with which we would agree with counsel for the applicants, namely that the regulation could not affect the privileges of members of the House in terms of debate here in the House—

Mr. Diefenbaker: That is not the question at all.

Mr. Basford: —and, secondly, that members had the right to consult counsel as to the legal effect of the regulations. It was also, however, our instruction that the validity of the regulation be upheld, and that the decision of Mr. Justice Robins in the Westinghouse case be argued in front of the more recent case.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. That is an answer that answers nothing.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I have been away for a few days, Mr. Speaker, and I watched the proceedings of this House on television. Across this country there is deep resentment at all the noise that goes on when questions are asked. I ask the minister whether or not, specifically or indirectly, counsel was advised to oppose representations being made by the Organization of Civil Liberties. That was the question I asked, and I asked it because, however difficult it may be for the minister to understand, this is the most damnable order in council ever passed in this country, denying individuals their rights, the minister saying that if members object we will hear what they have to say. I ask him specifically: Did he not realize that this order in council, which was brought about in secrecy and conceived in sin—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The right hon. member has put his question to the minister.

Mr. Diefenbaker: I am not quite through, Mr. Speaker.

Mr. Speaker: Order. The right hon. member has put his question. The Minister of Justice.

Mr. Basford: Mr. Speaker, I am not sure whether the right hon. gentleman had finished his question, but as I understand it it is: Were the regulations contrary to the Bill of Rights, and did counsel for the Attorney General so argue? The regulations are not contrary to the Bill of Rights, and counsel for the Attorney General argued that they are not contrary to the Bill of Rights both in the case before the Chief Justice of Ontario and in the case earlier in the spring before Mr. Justice Robins. Obviously, in passage of the regulations the procedures laid down in the Bill of Rights were followed and the regulations were certified by officers of my department or the Privy Council office as being not contrary to the Bill of Rights.

Mr. Diefenbaker: A final supplementary question, Mr. Speaker. I should like to see the declaration of those officers regarding this order in council, which denies the rights of individuals and endeavours to bring about an agreement contrary to the law, and approved by the cabinet, an agreement which meant that a crime committed has to be covered up and concealed, as it was until subsequently revealed.

Mr. Basford: Mr. Speaker, as I made it clear in the House some time ago, the uranium information regulations were certified as being not contrary to the Bill of Rights.

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[*Translation*]

ENERGY

POSSIBILITY OF PROGRAM TO CONSERVE NON-RENEWABLE ENERGY

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I should like to put a question to the Minister of Energy, Mines and Resources. Does the government intend to carry out a project similar to the one in force for the insulation of Canadian homes to encourage Canadians to save non-renewable energy, a scheme recognizing the use of solar or wind energy to save oil supplies and money?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am not sure whether I heard the first part of the question about using wind energy to supplement the home insulation program, but if the hon. member is concerned about renewable energy, let me tell him the federal government has taken the decision to increase very considerably our expenditures for renewable energy research and development.

SUGGESTION HOME INSULATION GRANTS NOT BE SUBJECT TO TAX

Mr. Walter Baker (Grenville-Carleton): A supplementary question, Mr. Speaker, for the Minister of Energy, Mines and Resources. Has the minister considered that it is inadvisable to make the grants payable under the home insulation program taxable in the hands of the recipients, since this makes them less attractive and thereby impedes the program which the government announced some time ago? If he is considering it, would he advise the House whether he has held discussions with the Minister of Finance in order to change the authorization in respect of these grants so this very important program can go ahead on some reasonable basis?

● (1452)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, we have not considered changing that to a non-taxable grant. Certainly, at the present time we

have been giving consideration to whether more information should be given to the public in respect of the program. There seems to be a good deal of misunderstanding, if not confusion in the minds of Ontarians in particular. This came up in a report over the weekend and indicated that many Ontarians believe that the federal government cancelled this most important program. What they were in fact confused about was their understanding of an announcement by the Ontario government which cancelled its particular program. The federal government's program has not been cancelled in any way.

HOME INSULATION PROGRAM—POSSIBILITY OF INCREASING FUNDING OF RESIDENTIAL REHABILITATION PROGRAM

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I would direct my question to the same minister. In view of the fact there have been so few applications approved under the home insulation program, would he not recognize that the program is not reaching those people who cannot afford any type of home repairs or rehabilitation in order to take advantage of the insulation program? Has he discussed with his colleague, the Minister of States for Urban Affairs, increasing the funding under the Residential Rehabilitation Assistance Program which would meet the requirements of those people who cannot now save in respect of fuel through insulation?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I believe the hon. member is confusing applications on the one hand with grants on the other. If he were to review the program he would see that the system set up under the Canadian home insulation program requires the individual to have put his insulation in place before he gets a grant for that expenditure. There have been something like 60,000 applications. There have been something in the order of just about 3,000 specific applications relating to insulation that has already been put in place. I would expect that will increase very considerably, because, as the hon. member might expect, there has been something of the order of a two-month lead time. You have to buy the insulation first before you can expect to get a cheque.

Mr. Marshall: Mr. Speaker, I do not think the minister understands that there are people in a fixed income bracket who do not have proper walls, do not have proper windows or proper basements in their homes so that insulation would be of no benefit. Under RRAP, these conditions could be met and these people could obtain the full value of the insulation. Would the minister discuss with his colleague the introduction or the expansion of funding under RRAP, which is an excellent program, in order to provide help to those people who need this insulation, but who cannot afford it otherwise?

Mr. Gillespie: Mr. Speaker, I am sure the hon. member understands that the Minister of State for Urban Affairs is fully aware of this particular option, and that this particular option has been used in the past.

Oral Questions

MANPOWER

MEASURES TO AID THOSE UNEMPLOYED FOR MORE THAN THREE MONTHS

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, last Monday I asked the Minister of Employment and Immigration a question concerning his department and was accused of being fast and loose with figures and of spreading malicious and imprecise information.

An hon. Member: That is true.

Mr. Clarke: However that may be, Mr. Speaker, I should like to ask the minister another serious question concerning his department. I hope he will try to answer it this time instead of giving us these statements.

With the failure of the government's economic policy to reduce unemployment, and with the growing number, now 36 per cent, of persons unemployed being out of work over three months, which would indicate that the number with expired benefits will be at record levels, what measures will the government be putting into place to provide relief for this disadvantaged group?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I did not know the hon. member was so sensitive to honest political criticism of some of the comments he made using words like "deficit" when he knew the word "deficit" was not applicable in that particular framework, Mr. Speaker.

I think it is incorrect to say we have failed in the creation of jobs. Since January, 1977, some 292,000 more Canadians are working than at the beginning of the year, and there are, I think, 116,000 who have received employment under Canada Works, to mention only two areas, Mr. Speaker, which indicates that some action has taken place. More has to be done and that is why we are looking at things like job experience training and the possibility of expanding that particular program as one of a series of programs.

Mr. Clarke: Mr. Speaker, I want to thank the minister for his non-answer again, because he completely ignores the plight of the people I mentioned, namely, those who have been unemployed for over three months and are in danger of losing their benefits. I should like to ask whether this is the beginning of the government's plan to transfer this burden to the provinces and avoid the federal government's responsibility?

Mr. Cullen: Very definitely not, Mr. Speaker, and that is specifically one of the reasons I will be meeting with the ministers from the Atlantic provinces, to look into that particular program. When I indicated the jobs under Canada Works, I had in mind that it was those who are no longer able to draw unemployment insurance benefits who can take advantage of the Canada Works program and programs of that nature to help them with this particular problem. To suggest that nothing is being done, again is not exactly in accordance with the facts.

Oral Questions

ENVIRONMENTAL AFFAIRS

POSSIBILITY OF OIL PIPELINE TO KITIMAT—SUGGESTED REVIVAL OF THOMPSON COMMISSION OR REFERENCE TO COMMITTEE

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in light of the news which appeared in the media to the effect that the Kitimat consortium has been revived in order to seek permission from the National Energy Board to pipeline Alaskan slope oil across Canadian territory to the United States, I should like to ask the Minister of State for the Environment whether steps are now being made to revive, in turn, after only three or four days demise, the Kitimat oil port inquiry which the minister seems to have contrived to have recessed last Wednesday?

Hon. Len Marchand (Minister of State (Environment)): That is a hypothetical question, Mr. Speaker, I have no knowledge that there is to be a renewed application before the National Energy Board by the Kitimat oil consortium, and until a serious application is before the National Energy Board we will have nothing further to say about the Thompson inquiry.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, we are obviously reading different newspapers. However, let us assume it to be a hypothetical question, and I do not believe it is on the basis of the information I have, why is the minister not taking advantage of this unscheduled opportunity to hold hearings in case there is a revival of the Kitimat consortium? There has been a great deal of dispute, as the minister knows, about the use of Kitimat as an oil off-loading port. This is an unusual opportunity. Why was the Kitimat oil port inquiry recessed at this unusual moment?

Mr. Marchand: Mr. Speaker, the inquiry was recessed at the request of Dr. Andrew Thompson on the basis of the fact that there was no application before the National Energy Board. That being the case, he had no serious basis on which to conduct the hearings he was holding, and when he made the request to us for adjournment we agreed with him.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, again I suggest that the minister and I are not reading the same literature, because Dr. Thompson actually told me he could entertain representations about any oil port on the west coast. Therefore, I do not know where the minister is getting this idea. In fact, my information indicates to me that Dr. Thompson wanted to continue. Would the minister refer the whole question of this inquiry to the Standing Committee on Fisheries and Forestry which is empowered to study questions referring to the environment?

Mr. Marchand: Mr. Speaker, perhaps the hon. member should check with Dr. Thompson.

Mr. Munro (Esquimalt-Saanich): I will.

Mr. Marchand: He should check about the meeting he had with us. I have no intention of referring this to the standing committee on Fisheries and Forestry. I expect when the estimates are before the committee hon. members will want to ask appropriate questions at that time.

[Mr. Cullen.]

Mr. Munro (Esquimalt-Saanich): We certainly will.

Mr. Marchand: Check your facts and you will find that Dr. Thompson made the request to us to postpone the hearings.

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NATIONAL HARBOURS BOARD

SUGGESTION GOVERNMENT ACTING IN ANTICIPATION OF PASSAGE OF BILL C-6

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, would the Minister of Transport advise whether his department is now operating in respect of its personnel, and, indeed, in respect of all its activities, as though proposed Bill C-6 dealing with ports was an act of this parliament rather than being before the House very much in its embryonic stage and, if so, how can he justify his disregard for the present law of the land?

● (1502)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, no, the changes which will be required in the law cannot be acted upon until the legislation is in place. We are dealing with the interim situation to make sure that those who are employed in the National Harbours Board area have some certainty about what the future allows for them. Also, we are taking certain steps open to us under the administrative structure of the current legislation to do certain things in preparation for the future position. In those cases it is allowed under the current legislation and not predicting the effectiveness of the subsequent legislation.

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ROYAL CANADIAN MOUNTED POLICE

ALLEGATION PRIME MINISTER APPROVES ILLEGAL ACTS—REQUEST FOR CLARIFICATION

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the right hon. Prime Minister. He is reported to have said in Halifax that he agrees with the illegal RCMP tactics against terrorism, including the Quebec barn burning. Indeed, he is quoted as saying that he agrees entirely with a caller who said: "Let them tear down the barns". We have taken the trouble to check the accuracy of these reports, and we have every reason to believe they are accurate.

I ask the Prime Minister whether he thinks it is suitable for a person in his position, who should be the foremost upholder of law and order, to defend and perhaps even advocate illegal acts.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have made it clear in every public statement I have made that

the government does not condone any illegal act, and I have always said that the police and every other person in this country should act within the law.

Mr. Brewin: Mr. Speaker, I do not think the Prime Minister denies that the burning down of barns, even if the people concerned had been in some way connected with terrorism, is an illegal act. How can he say he condones that, and at the same time say that he condemns illegal acts? The two are not consistent.

Mr. Trudeau: Mr. Speaker, this is a matter of being quoted by a third party.

Miss MacDonald: It is on the tape.

Mr. Trudeau: I can tell the hon. member, after an interview I had in the studio of the Halifax radio station, that I was talking about an open line program which had taken place in Montreal. I said that I was informed that people there rather supported the police in this action. Whether it was illegal or not, they had the support of the people. That was the position which was reported to me, and I believe that was an accurate position.

* * *

PRIVILEGE

MR. BALDWIN—PRIME MINISTER'S REMARKS—RULING BY MR. SPEAKER

Mr. Speaker: Order, please. On two outstanding matters I indicated to the House last week that I expected, in relation to the incident regarding the offices of the hon. Leader of the Opposition, to receive a report today from the Bell Canada people who were asked to examine this matter. I received that report this morning, but not in sufficient time to take action, that is to say, to discuss it with the hon. Leader of the Opposition. I hope that will take place later today; therefore, I should be in a position to report further to the House on that matter tomorrow.

The other matter which has been outstanding for some time is with respect to a question of privilege raised by the hon. member for Peace River. It concerns the question period of November 3, 1977, in which a question of privilege arose as a result of the following remarks by the right hon. Prime Minister:

> They can stand in their places and challenge them, if they have the courage, but I would suggest the way to do it is not by hiring private detectives, as that party does, and not by having some phony bugs planted in their office, which is the way they do it.

That remark gave rise to a question of privilege. I heard arguments from both sides which related to a number of interpretations of what members can or are permitted to do, and not so very directly with what one particular member had done in this case. The precedents go back over many years. However, happily, there seem to me to be two rather helpful precedents which relate to our own experience in this very parliament. I will not refer to one specifically except to say that I am sure it will live well in the memories of hon. members. It concerns the question of privilege related to earlier remarks by the right hon. Prime Minister concerning the acquisition of land at Harrington Lake by the right hon. member for Prince Albert when he was prime minister. On that occasion I found there had been no allegation of illegality or wrongdoing with respect to the remarks at that time, and I therefore found that the matter did not come within the precedents of a remark which had to be withdrawn.

A more recent precedent came within our experience in March of 1976 when on March 18, 1976, the hon. member for York-Simcoe said the following:

> "Do as I say, not as I do" appears to be the creed of the present administration. Surely, Mr. Speaker, this type of thinking is shown up so clearly in the judge's affair that is now before us. What administration at a senior level of government in Canada other than this administration would be allowing cabinet ministers who have acted illegally to carry on in their posts?

A question of privilege arose with respect to that. Argument was made whether or not that remark, in the context in which it was delivered, had an offensive or opprobrious quality to it such as to offend the practices and the rules of our House. In the context, under the format of the incidents which were before the House at that time, after argument that members ought to be entitled to hold opinions or voice opinions. It was my view, while those arguments expressed very well the theory—which I accepted completely—as to what members might or might not do and what they might or might not think, that it did not cover what in fact had taken place, and that was the expression of the statement that members opposite—and I stress the plural—in a group were condoning some sort of illegal act. The word "illegal" is significant there because it was central to the entire argument. The question was whether or not, by the use of the word "illegal", the hon. member for York-Simcoe had crossed the line on opprobrious remarks directed toward a group of members, and that was the decision made in those circumstances. I draw upon that because it seems to me the parallels are irresistible.

Later, on March 22, 1976, I attempted to adjudicate on that problem. As reported at page 11999 of *Hansard,* I attempted to outline the considerations that ought to govern us in these circumstances by saying the following:

> The basic rule of the House with respect to the procedure and practice in this regard can be found in citation 140 of Beauchesne's. It is probably familiar to all hon. members, and it reads as follows:
>
> "The rule relating to personal reflections occurring in debate, may be stated thus, namely: that it is doubly disorderly for any member, in speaking, to digress from the question before the House, and to attack any other member, by means of opprobrious language, applied to his person and character, or to his conduct, either in general, or on some particular occasion, and tending to bring him into ridicule, contempt, or hatred, with his fellow-members, or to create ill blood in the House.
>
> In addition, there is another precaution which the House has always observed. I would direct attention to Standing Order 35, again one which is no doubt familiar to all members and which, paraphrased, says basically that no member shall speak disrespectfully against any other member of the House. The rationale behind this, the practice which has grown up in this respect, has been set out in another citation of Beauchesne's, citation 136"—

I will not belabour that citation before hon. members at this time. I give it to them simply for personal reference. My ruling at that time continued:

The House itself has developed a regime or practice which has grown up to protect members who feel themselves aggrieved by an allegation; it is a protection in the form of a challenge that the allegation either be substantiated, explained, qualified sufficiently or withdrawn.

The arguments which were made in defence at that time were similar to the ones made in defence on this particular occasion; that is, members are entitled to have certain opinions and to express them, whether or not evidence exists in support of them. In effect, that is exactly the privilege which members enjoy.

It seems to me that on that occasion the hon. member for York-Simcoe went beyond that practice by making a very direct statement that an illegal act had been committed by certain ministers and that the government in general was condoning that by keeping those ministers in their posts. The parallel here seems to be evident, because on this particular occasion the right hon. Prime Minister, both before and after the remarks complained of, had made argument in terms and in ways which were quite parliamentarily acceptable. That is to say, that it was his opinion without basis in comparison with opinions held by other members on suspicions about the events. That is quite acceptable and, indeed, to hold a point of view or express it, whether with or without evidence, once it is described in that way is the right of every member in debate.

● (1512)

However, the fact is that when that opinion expressed turns into a direct statement—as it did in the circumstances of the hon. member for York-Simcoe—that an illegality has occurred, it is on that precedent clear to me that it goes beyond the bounds of what is acceptable in a parliamentary sense or what is, in fact, in accordance with the precedents of opprobrious language directed as an accusation against a member or members of the House and ought to be either qualified or withdrawn. On this particular occasion, in the context in which it took place—which must be the necessary background in both cases, both this one and the precedent I have been citing so extensively—there can be no doubt that the remark referred to, reading the precedent back about half a page, referred in particular to members of this House who were members of Her Majesty's Loyal Opposition.

That takes out any ambiguity with respect to "they can stand in their places, but this is the way that they do it". There seems to be, in the context, no hope of any ambiguity with respect to a larger group than the persons who are here represented, any more than there was on the occasion of the allegation of the hon. member for York-Simcoe being directed against the government in general.

When the statement said, "not by having some phony bugs planted in their office, which is the way they do it", that seemed to me to transform it from an expression of opinion into an expression of statement that an illegality had in fact occurred because, as in both cases—in the previous one and in this one—it is an offence, by an act of this parliament recently passed, either to have in possession or to use in any way the kind of device which was described by the hon. member for Central Nova and which was obviously the device that was being referred to here.

Therefore, comparing the two precedents, it would be in my opinion inconsistent for me to have held in the case of the previous member that he had offended the practices of this parliament and used opprobrious language against a group of members, and not to find the same thing with regard to what happened on November 3 when the Prime Minister made the remarks to which I have referred. Therefore, I say only one other thing, and that is that in all these cases the Chair is placed in great difficulty. It is always, I think, possible to search the precedents and find a technical ground upon which a decision could be based in difficult cases on either side of the question.

I confess that it is my disposition, in these circumstances, wherever the matter comes down to a serious doubt in my mind, to always, in the interest of protecting the dignity of parliament, exercise the benefit of that doubt in favour of asking the hon. member to withdraw any remarks that might, by a reasonable interpretation of the precedents, be offensive; because in doing so, rather than being relaxed about protecting the dignity of parliament, I am being diligent in that respect. Therefore, I say in conclusion that if I have any doubt—and certainly in this case, and all of them are difficult—in asking the Prime Minister either to qualify or withdraw his remarks, I am exercising that doubt in favour of the protection of the dignity of parliament.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, of course I accept your ruling. I think you have the difficult duty of maintaining order in this House. This particular ruling has obviously caused you some trouble in finding the proper course. I accept that you have judged in a proper way in this particular case, and to that extent I do take back what I believe you defined as the offensive words, that opposition members had themselves bugged. Perhaps Your Honour will not find it unparliamentary on my part when I say that our suspicion remains.

Some hon. Members: Shame!

Mr. Broadbent: Never wrong!

Mr. Trudeau: That is why we asked Your Honour to conduct an investigation into the whole bugging operation, which still appears fishy to us.

Some hon. Members: Hear, hear!

Mr. Trudeau: We await the results of your investigation, which concerns every member of this House, with great impatience. I want to make another point. In the future, general accusations of the kind I am guilty of will be seized upon by us on this side to raise questions of privilege.

Some hon. Members: Hear, hear!

Mr. Trudeau: I will not go back to accusations of last week that this government interfered with the administration of justice, that we covered up, and so forth. These seem to me to be general accusations of illegality. But I want to raise a question of privilege with regard to something which was stated today by the right hon. member for Prince Albert.

Mr. Speaker: Order, please. We had better take one at a time. The Prime Minister, it seems to me—as has been done on previous occasions—has indicated that that portion of his remarks which were made before and which I indicated were within parliamentary bounds, that is to say, the expression of any suspicions of a general nature, remains. That aspect of his remarks which contain an offensive or opprobrious quality, that is to say, a direct accusation against members of a particular party in this House, has now been withdrawn. That seems to me to close that matter. If there are other matters of privilege arising out of today's question period, I can hear them at this time.

MR. TRUDEAU—WORDS USED BY MR. DIEFENBAKER IN S.O. 43 MOTION

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I rise on question of privilege affecting all members of this House, and particularly the government, arising from words contained in a Standing Order 43 motion moved by the right hon. member for Prince Albert. I regret that he is not in the House—

An hon. Member: He is here.

An hon. Member: Put your glasses on.

Mr. Hees: You are older than you think.

Mr. Trudeau: I was looking at the previous seating arrangement and I forgot that the right hon. gentleman has been promoted toward the leadership. However, the words Your Honour used in your ruling were that one could not accuse another party, another group, or the government of having committed an illegality. I believe the words "illegality" and "wrongdoing" were the words Your Honour used. They were the very words used by the right hon. gentleman in moving his motion today. He used the words "unlawful action and wrongdoing" with reference to the government.

I submit that this affects the privileges of this House, because no illegality or wrongdoing has been proved. There have been some alleged. There are suspicions. Hon. members opposite are trying to find out. But there has been no proof of wrongdoing or illegality in this matter. Therefore, the right hon. gentleman is doing something which is clearly contrary to Your Honour's ruling when he says that this government is guilty of unlawful action and wrongdoing. Therefore, if Your Honour finds a prima facie case of privilege, I will be prepared to move a substantive motion.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I am not unaware that the precedent to which I have referred and drawn upon so heavily in coming to the conclusion I came to earlier this day is one which may, in fact, give rise to a number of arguments about statements made by members of this House, and in fact hon. members are going to have to guard themselves carefully. In fact, what has taken place today—or, in fact, at any time with an application pursuant to Standing Order 43—is that a member asked the House for its unanimous consent to debate a particular motion, and that is quite different from an allegation or a statement.

Mr. Trudeau: If you move it, you believe it.

Mr. Speaker: Hon. members will have to realize that a member seeks permission within the Standing Orders to put forward a motion for debate and discussion. It is not, in its basic nature, a statement but is in fact a motion which is proposed for debate. I express some concern about the contents of that and other motions, but the basic recognition that the Chair has to make in most cases pursuant to Standing Order 43 is that even if they do contain phrases which, if used as a statement, might be offensive to parliament, they are not in fact statements but are motions which are being put forward for debate.

In those circumstances the Chair is in a very difficult position to exercise any scrutiny in a parliamentary sense unless the motion itself seems to me to offend the provisions of the Standing Order or to go beyond the administrative jurisdiction or the responsibility of the House. I do not say that I fail to apply or recognize that there will be occasions upon which members will make accusations of dereliction of duty which may be entirely parliamentary. If they go beyond allegations of dereliction of duty and extend it to allegations of illegality, I will enforce the same precedent as I have today, whether it occurs on the left or on the right side of the House.

• (1522)

MR. BROADBENT—ALLEGED ILLEGAL ACTS OF RCMP—MINISTERIAL RESPONSIBILITY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, before I get on my question of privilege of which I gave Your Honour notice, I was glad to see that in accepting your ruling the Prime Minister lived up to his reputation of being a complete gentleman.

Mr. Speaker, my question of privilege pertains to certain statements made by ministers, including the Prime Minister, regarding the lack of a certain kind of required action by ministers which seriously impedes our ability, as members of this House of Commons, to do our job. Each of these arises from the ongoing issue of criminal wrongdoing and allegations of criminal wrongdoing involving the RCMP. The first pertains to the very important notion of ministerial responsibility, a notion as old as parliamentary democracy itself. In this instance I shall refer specifically to the Solicitor General.

The second aspect of my question of privilege—and fundamentally more serious, in my view—concerns the principle of

the rule of law which goes to the heart of any democratic system whether parliamentary or not. Flagrant abuse of this principle undermines in a fundamental way our central reason for being elected to the House of Commons, namely, to pass laws which are to be obeyed by everyone.

First I shall deal with the question of ministerial responsibility and specifically as it pertains to a question of privilege. As most members of the House know, a minister is expected to be responsible to this House for the ongoing operations of his department. In case of flagrant wrongdoing in the past—whether here, in Great Britain or any other parliamentary system—where he is directly involved, his resignation has been expected and has been brought forward. In other cases, a minister must simply take prompt, corrective and, where required, punitive action.

I want to quote one of the most distinguished authorities outside the Government of Canada or outside the practices of the parliamentary system as seen in this country. I refer to Sir Ivor Jennings' book "Cabinet Government", pages 498-99, where, speaking of cabinet responsibility, he said:

> The cabinet must leave to each minister a substantial discretion as to what matters he will bring before it. If he makes a mistake, then he must accept the personal responsibility. On the other hand, a minister cannot hide behind the error of a subordinate. Within a department there must be substantial delegation of power, but the most essential characteristic of the civil service is the responsibility of the minister for every act done in his department. In practice, the minister can hardly avoid saying that the mistake was that of a subordinate, but parliament censures the minister and not the subordinate.

That is at pages 498-99, the third edition of Jennings on "Cabinet Government."

Mr. Fox: What year? What edition?

Mr. Broadbent: Mr. Speaker, I am impressed by this new interest in scholarly writing by the minister. It is the third edition. The minister seems concerned that Sir Ivor Jennings or others might have revised the argument in the way he has revised the practice. I want to switch immediately to a Canadian source. Following the minister's appropriate, if rather scholarly, concern, this is Dawson in "The Government of Canada" fourth edition. On the same issue, that of ministerial responsibility, he says, at page 190:

> The members of cabinet are above everything else responsible to the House of Commons, not as individuals alone, but collectively as well. This responsibility has been the key to the control of the executive power in Canada as in Britain; the powers of the Crown have remained for the most part intact or have even been increased, but the exercise of those powers has come under the cabinet and this body in turn under the general scrutiny of parliament. This is the central fact of parliamentary democracy; for it is this practice which keeps the system both efficient and constantly amenable to popular control. The minister at the head of every department is responsible for everything that is done within that department—

On the same page there is a quotation from a former prime minister of Canada, Sir Robert Borden, with respect to ministerial responsibility. He said:

> A minister of the Crown is responsible, under the system in Great Britain, for the minutest details of the administration in his department; he is politically responsible, but he does not know anything at all about them. When anything goes wrong in his department, he is responsible therefor to parliament; and if he comes to parliament and points out that he entrusted the duty to an official in the ordinary course and in good faith, that he had been selected for his capacity, and ability, and integrity, and the moment that man has gone wrong the minister had investigated the matter to the full and punished that man either by degradation or dismissal, he has done his duty to the public.

The point I want to underline is that when a minister discovers wrongdoing by anyone in his department, he has a responsibility to take immediate and corrective action. I could find a number of other sources in other works, but I will not belabour that point. The point I want to make now is to apply this concept to the recent behaviour of the Solicitor General. In so doing, I want to argue that he has clearly violated his most basic responsibility as a minister of the Crown, the result of which has been the continuance and appropriate preoccupation by members of parliament with criminal wrongdoing and allegations of wrongdoing by a variety of security services at the total expense, in terms of our time, of our capacity and responsibility to deal with other matters of pressing concern to the people of Canada.

I refer specifically, Mr. Speaker, to the statements made by the Solicitor General in this House last Wednesday and Thursday. On both days the minister discussed two categories of almost certain criminal wrongdoing by the RCMP about which he learned only last week. Both of these points are germane or central to the argument I want to make. Of "Operation Cathedral", that is, the illegal opening of mail, the minister said on November 10 in this House, in discussing the possibility of its being criminal, that it is "perhaps a more clear case than some of the others". That is, a more clear case of criminal wrongdoing. Being a lawyer, the minister knows—I am not, and I have a few other virtues as well—that he cannot come any closer to saying it was criminal wrongdoing than that. There has been no conviction. He went as far as he could in making that assertion.

In reference to "Operation 300" which had been specifically described in the news reports as by definition a kind of illegal activity, he said, "the allegations of course are substantially correct." That is to be found at page 784 of *Hansard*. We have, in the minister's own words, the judgment that these two kinds of activity by the RCMP are quite likely illegal in nature. That is very important. We also know, from what he said in the House on November 10 as well as earlier, that the Solicitor General had requested the RCMP to bring to the attention of Canadians that there have been possible illegalities. That is also to be found at page 784 of *Hansard*.

Mr. Speaker, the question of privilege on this matter is as follows: on June 17, in the House, the minister assured us that he was telling the House of all the illegal and prospective illegal acts of the RCMP. It turns out that last week—at least it turns out in terms of admitting to us last week—that he was clearly wrong on June 17. He had, therefore, misinformed the House of Commons—a very serious act on his part.

● (1532)

What did he do to correct the situation? What did he do to exercise his responsibility as a minister? According to all parliamentary practice of which I am aware, he should have taken corrective and punitive action immediately as far as the

officials responsible were concerned. The hon. member for Northumberland-Durham, in his questions today, was getting right to the root of an aspect of ministerial responsibility. He was trying to find out whether the minister, on his own initiative, had determined in his own department what level of official was responsible for misinforming him. Of course, we never did get an answer to that question.

The point I am making is that, having misinformed the House—at least on June 17, and I am sure, subsequent to that as well—he should have taken corrective action in his department. He should have come back to the House and said, "Yes, indeed, there is misinformation." We are assuming he did not lie to the House when he provided this information; it was presumably provided to him by others. His serious obligation as a Minister of the Crown was to have taken punitive and corrective action.

He should have been able to say to the House of Commons that "X" or "Y" individuals were responsible for misinforming him or not ensuring that he got the information he required as minister in order to exercise his responsibility. It was not done, and therefore that person was going to be subject to this kind of corrective action by him—dismissal, or what have you. He should have been able to say, "I, as minister, am now exercising control over this department." His failure to do so, Mr. Speaker, gives rise to my question of privilege as it pertains to its effect on the House.

It is more than two weeks ago since the hon. gentleman first got up in the House—two weeks ago Friday—and talked about the one new event, then, of criminal wrongdoing. We have been totally preoccupied in the House with allegations of criminal wrongdoing or actual instances of criminal wrongdoing by the RCMP. The responsibility for this, as members of the opposition parties have been saying day after day, does not rest primarily with the vast majority of members of the RCMP who are law-abiding; the responsibility lies on the other side of the House, with that minister.

An hon. Member: Right on.

Mr. Broadbent: The minister's failure to take corrective action has entailed us day after day in having to deal with the mess in his own department, and therefore we are not able to exercise our functions in other—

Mr. Speaker: Order. I am prepared to extend reasonable leniency to the development of any argument advanced by any hon. member, and I am prepared to hear the hon. member to determine whether or not there is some establishment of a question of privilege. But as for criticism that the conduct of a minister or, particularly, indication that any minister or any legislative program or any argument before the House which keeps the House occupied prevents it from doing other business, regardless of what can be said about the nature of that argument, one thing can certainly be said: it does not constitute a question of privilege.

Mr. Broadbent: I will leave that point and go on to another aspect of the question, leaving it to others, perhaps, to make the case that failure to accept responsibility, as practised in the Canadian Parliament and other parliaments where the system exists, has indeed resulted in our failure to perform our function as members of parliament, which entails an obligation to deal with other matters. I want to switch, now, to an even more basic consideration. Closely related to this sad affair of RCMP criminal wrongdoing or allegations of criminal wrongdoing is our responsibility as lawmakers and our related obligations to uphold the principle of the rule of law, which has been seriously impinged upon by a variety of ministers of the Crown, including the Prime Minister himself.

Last week and over the weekend the Solicitor General and the Minister of Justice each in his own irresponsible and rhetorical way have managed to convey to Canadians the idea that breaking the law is quite all right as long as you believe your purposes are worthy. This is precisely the perverse form of moral reasoning used by the very terrorist groups which the minister wants stamped out. These terrorist groups claim that their violence and illegal means are justified by the nobility of their final goal. That is the logic of a variety of arguments recently put forward by the Solicitor General, the Minister of Justice—ironically—and by the Prime Minister.

I say that a democracy which rejects illegal violence and terrorist groups cannot accept illegal terror in its police force. Nor can we respect a government which desires to convey to the public of Canada that a police force can do what it will as long as its objectives are good.

While the Solicitor General and the Minister of Justice have made statements which are disturbing, that made by the Prime Minister last Wednesday in Halifax is the most distressing of all. It was reported last Thursday morning that on Wednesday in Halifax the Prime Minister, when informed of a radio broadcast which was describing the current reaction in Quebec to information about the illegal burning of a barn—the information conveyed about the program was that the majority of the people who phoned in said they agreed with that act—the newscast I heard in my hotel room in Toronto was that the Prime Minister, when he was asked about that program, did not respond as he indicated he did today, but he said he agreed with that illegal act, and—

Mr. Speaker: Order, please. The hon. member is criticizing the conduct of ministers. I do not want to short-circuit that course of conduct. However, he is doing so on the basis of a question of privilege.

The question of privilege is a very narrow vehicle, as we have seen many times in the past. It has very rigid limits. If I am to permit general criticism of the conduct of ministers under the guise of privilege, I am sure I shall be asked to hear five or six of them every day at three o'clock. I have to recognize the hon. member's right to the floor on a serious matter of which he has given me notice. But just last week argument was advanced, during the course of the question of privilege I have just dealt with, that the Prime Minister in his intervention was using quotations from remarks made by the hon. member for Central Nova outside the House.

The argument was very clear: one cannot attempt to substantiate a question of privilege on the basis of quotes hon. members have said or are reported to have said outside the House. I know that such an argument cannot be sustained in particular instances because the Prime Minister was not attempting to establish a question of privilege. He was attempting to defend one—and that is different—and his argument was relative. I am not saying it was relevant, but it was being used in a relative way to say: If an hon. member can do this, I can do that.

In this particular instance, the hon. member for Oshawa-Whitby is going on to say that the basis of his question of privilege is what the Prime Minister was quoted as saying in response to some other quote which was put to him on a radio program. It seems to me that if the hon. member does, in fact, have a question of privilege—which so far has not been demonstrated—it will have to be supported, first in principle, and second by some evidence other than quotes from a radio program in which the Prime Minister had been confronted with a quote of some other sort from a source outside the House.

Mr. Broadbent: Mr. Speaker, to conclude the argument on my question of privilege, I must say, of course, that I do not intend to challenge your ruling on this matter. If anything, there is ignorance of the rule on my part as it pertains to evidence permitted in the House about what kind of testimony is germane to an argument. It is certainly not my impression that if, for example, a minister or several ministers—says something outside the House which is clearly illegal, we could not use that in the House in an argument having to do with a question of privilege. I will leave that in passing, because I am not clear about your ruling in that regard. But I want to say this with all the certitude and conviction I can muster on the point. According to testimony subsequently confirmed to my office—

● (1542)

Mr. Basford: And denied in the House today.

Mr. Broadbent: —two reporters were present and heard the Prime Minister answer. Mr. James Nunn, who was in the gallery a few moments ago, asserted he was only a few feet away from the Prime Minister and heard the answer, that the Prime Minister agreed specifically with this illegal act.

The question of privilege I have is that ministers of the Crown, particularly the Prime Minister, in our system of government have a fundamental obligation to enforce what we are doing on a day to day basis here in the House of Commons, that is, to pass the laws of Canada. That is the fundamental purpose of our being elected. We have other purposes, other tasks, the ombudsman role—we can list them all—however, the basic purpose of members of the House of Commons is to take part in the legislative process; to take part in this direct way with the principle of the rule of law.

This concerns me very much. That is why I telephoned right away to have it confirmed that the Prime Minister, in his

cavalier and authoritarian way, should be able, outside the House of Commons, to say that breaking the law is quite all right. This is now the logic of the argument. The rest, I contend, on the basis of people who were there, is factual information. The logic of that is that people can do what they want as long as their purposes are worthy. That flatly contradicts what the House of Commons is all about.

We should not have a minister of the Crown, particularly the Prime Minister, going around the country vitiating the whole lawmaking process and calling into question the legitimacy of what we are doing. And that is exactly what he is doing; he is saying that on certain grounds the laws passed here in the House of Commons ought to be ignored by the people of Canada. My understanding of the obligation of the House of Commons, particularly the Prime Minister, is that it goes to the root of what we are all about in this system. If Your Honour rules that I have a prima facie case, I will move a motion that the question be referred to the Standing Committee on Privileges and Elections.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I will be very brief. The leader of the New Democratic Party, quite clearly, has been rather unfair, with the greatest respect, in rising on a question of privilege relating to the rights of members of parliament. He has thereby, under that guise, been dragging into the House statements made outside the House, statements which were asked about and dealt with in the question period today, and then saying that somehow his privileges as a member of parliament are thereby affected. I take it his suggestion is that because someone is purported to have made statements that people are not governed by the law, his privileges and the privileges of this institution are affected. There is no basis for such a question of privilege.

The members of the government, the Prime Minister, the Solicitor General and myself, have repeatedly said within this House and without that the mandate provided to the security service and to the RCMP is that they operate within the law. That is the statement that is being made by all of us and other members of the government in and out of the House.

The leader of the New Democratic Party cited some examples. He did not cite very many. He mentioned my name and that of the Solicitor General. He mentioned something said by the Prime Minister in Halifax which was dealt with in question period today. The Prime Minister said there must obviously have been some confusion, and that he was commenting on some comment, third-hand, made in Montreal rather than Halifax. Because I think the raising of the question of privilege has been somewhat unfair, and because we have been dragged into it in the way the leader of the NDP has done, I want to put on record a very short statement of what I said on the weekend which apparently has disturbed the leader of the NDP and his privileges.

Some hon. Members: Oh, oh!

Mr. Basford: I quote:

> It is fundamental to the operation of the rule of law and the protection of our civil liberties that all people in a country, whether they hold public office or not, whether they be civilians or be policemen, that they operate under and within the law. And if there are any changes that are needed in the law to accomplish that first purpose of effective police protection of our society and of ourselves—if there are any changes in the law required, they should only be undertaken after the most careful and deliberate discussion and debate in parliament and they should only be undertaken after the most careful and deliberate designing of the proper safeguards and checks to assure that our individual liberties and freedoms are in fact protected.

That is the position of this government in and out of the House. That statement in no way affects the position of the privileges of this House or of the House itself. Surely, it is a statement of faith in the rule of law and a statement of faith in this institution to write the law properly.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby gave me notice of a question of privilege. I indicated to him earlier in his remarks that I had some very serious doubts as to his ability to relate the remarks he was beginning with to the classic definition of privilege upon which we have operated in this House for many, many years. As the hon. member went on, he endeavoured to develop that some failure to respect the political science precepts with regard to responsible cabinet parliamentary government related to a question of privilege because it kept members otherwise occupied for several days when their attention could be on other matters.

That has no resemblance to the question of privilege within the definition as we know it. It is not an argument that has ever been held to be valid. To do so, surely, would be to call into a question of privilege every debate that takes place extensively on any piece of legislation that keeps the attention of the House on one matter obviously to the exclusion of other matters. To accept that argument would be to destroy that very basis of operation of this House.

The second argument put forward by the hon. member for Oshawa-Whitby related to some alleged statements made outside the House by the right hon. Prime Minister. He indicated that if his statements were properly quoted, his disrespect for the law thereby undermined the very operation of the House and therefore affected the privileges of members of the House. I will not go on to determine whether there is any merit, in theory, in that respect.

The counter-argument put forward by the Minister of Justice seems to be substantiated—in my memory, in any case—in that when the Prime Minister was questioned today about this incident he reaffirmed, on every occasion that he could, respect for the rule of law. These are the difficulties we face in attempting to use this kind of evidence. The Prime Minister indicated that what had been put to him on the radio program was a quote by someone else which he agreed with as an assessment of the accuracy of current opinion but not as the accuracy of his position. How do I know that from the indirect way it has been put forward here today? I say that is simply the danger of attempting to establish privilege on the basis of something that members do outside the House.

I want to clarify the ruling. It does not indicate that actions or words by members outside this House are not the subject of consideration in respect of privilege on certain occasions. I only say that as an indication of the difficulty which we face if we are attempting to establish something of this important nature on the basis of indirect evidence. In any case, on neither ground do I recognize an argument in principle.

MR. WALTER BAKER—JUDGMENT OF SUPREME COURT OF ONTARIO RESPECTING PRIVILEGES OF MEMBERS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a question of privilege. It is very short. It is really to reserve a question of privilege. It arises out of the judgment of Mr. Justice Evans of the Supreme Court of Ontario. Quite frankly, we have not yet had an opportunity to see the reasons for judgment in the case and how the judgment of His Lordship might affect the privileges of members of the House with respect to public comment and the things that flow therefrom. I wonder if I might for the moment reserve the right to peruse the judgment and perhaps raise a question of privilege with Your Honour at some other time.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I would agree with the House leader of the opposition because we, too, have not had a chance to review the judgment in any detail. Very careful perusal is required before there are any questions of privilege in connection with it.

Mr. Speaker: I always accept without hesitation the action by any member to reserve the right about any question of privilege in this way; that is to say, simply to avoid being disqualified on the basis of raising the matter at the earliest possible time. However, I do recognize that it has been raised and needs further examination.

● (1552)

MR. CAFIK—PRESS REPORTS ON ALLEGED ILLEGAL ACTIVITIES BY RCMP

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I rise on a question of privilege. During the weekend I was in Vancouver, Thunder Bay and Windsor, and during the course of speaking engagements made some comments relating to the RCMP affair, if I may use that term. I note from press reports covering some of my comments that it is quite possible for members of the House to be misled or even to feel aggrieved. There is one particular headline in the Toronto *Daily Star* on the 13th of this month which reads: "Mounties are Right to Break the Law, Norm Cafik says".

I raise this question of privilege because, first of all, this is a very misleading headline. I always made clear in my speeches, not only this weekend but prior thereto, that in fact no authority ought really to violate the law, and certainly no police authority. However, having stated that, I made one other point which I think is self-evident, namely, that there is

also a rule of reason as well as a rule of law. When the law prohibits someone from doing something that they must do for the protection of themselves, their property, their family, their loved ones, or whatever, the rule of reason has to come into play. In this particular case—and I am not talking about the RCMP but about the illustration I gave—if someone had a loved one whose life was in danger and he was impeded from doing something by the law in order to save that life, the rule of reason would have to come into play and the courts would understand this on a consistent basis.

Mr. Speaker: Order, please. I have respected many times in the past the right of any member who has been seriously aggrieved by any kind of journalistic mistreatment to raise the matter by way of privilege in the House and to put some explanation on the record. However, I think we have to be very careful not to extend this practice unduly. I respect the right of the hon. member if he has been misquoted. On several occasions in the past, the Chair has given members who feel they have been misquoted by the press an opportunity to set the record straight, particularly if there might be some misleading of the House, some grievance or contempt of the House contained therein. I think the deputy House leader ought to put the matter on the record, but it should be very limited.

Mr. Cafik: Mr. Speaker, I rose, not to correct the press—I have given up on that a long time ago—but as a result of the question of privilege raised earlier by the hon. member for Oshawa-Whitby. Had it not been for that, I would not have raised the question. But I do not want it put on the record publicly or in the House of Commons that I in any way indicated that the RCMP really ought to be above the law. That is not my position and never has been my position. In light of the comments made by the hon. member for Oshawa-Whitby, I simply wanted the record to show that.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, may I make a brief comment with respect to the matter raised by the deputy House leader on the government side. While he may be aggrieved by what is written about him, the fact of the matter is that the Minister of Justice, for example, has been widely quoted over the course of the last weekend as well as being of similar sentiment to that of the deputy House leader. In fact, I suppose it might be said he was quoted as taking a position similar to that of the Prime Minister, in which there seems to be an implicit tolerance toward lawbreaking on the part of some police authorities whether federal or otherwise. While the deputy House leader wants to bring to the attention of the House the fact that he does not hold that point of view, the reasonable interpretation can be put on the statements made by the Prime Minister, the Solicitor General and the Minister of Justice that this will in fact be tolerated by the government.

I would simply bring to the attention of Your Honour, and put on the record of the House, a statement made by the Minister of Justice who took that position in February of this year. I am curious to know whether he will maintain that position. He said in this House—

[Mr. Cafik.]

Mr. Speaker: Order. Is the hon. member for Saskatoon-Biggar referring the Minister of Justice to a quotation made in February of this year?

Mr. Hnatyshyn: I am simply pointing out that the Minister of Justice has made a number of speeches in which he made certain statements and allegations respecting police forces being able to break the law. I want to point out to Your Honour that there has been a change in the attitude of this government to this issue, made more obvious by statements made in the House, as opposed to statements appearing in the press as alleged by the deputy House leader.

At an earlier time in this House, when protection of privilege was more appropriately brought to your attention rather than through press reports, the Minister of Justice indicated that he had great concern over the extent of the powers held by investigative agencies, and that he would look into ways in which these powers should be brought under control by legislation. I simply want the deputy House leader to know, in the course of his point of privilege, that his position in this House as enunciated is diametrically opposed to that taken by the Minister of Justice.

Mr. Speaker: Order, please. This is the difficulty we face whenever we attempt to stretch the rules of the House to fit a situation they were never intended to fit. The question of privilege raised here today was a very interesting, substantive argument for a motion which can be put before the House in several ways. However, no part of it at any time had any real connection to the question of privilege. Once we extend any one of our procedures to accommodate an argument that seems to lie at the periphery of these procedures, we invite just what is happening now—namely, one member commenting on what a previous member has said. In my opinion, the matter has been contributed to equally by members on both sides of the House. It does not in any way constitute a question of privilege, and the matter should stop right here.

Mr. Basford: Mr. Speaker, having been dragged into the last question of privilege, I think I should be allowed to indicate that I agree with the Chair. I am just grateful to the opposition for indicating that we on this side have had a successful and active weekend.

* * *

Mr. Speaker: The hon. member for Victoria on a point of order.

Mr. McKinnon: Mr. Speaker, I wish to raise a point of order which concerns the Minister of Finance. Since he is not in the chamber at this time, I will raise it later.

Mr. Speaker: Order. The hon. member for Nanaimo-Cowichan-The Islands on a point of order.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I rise on a point of order arising out of the question of privilege introduced by the deputy House leader. Under the guise of correcting a statement which appeared in the press,

the deputy House leader has taken the occasion to advance a whole theory of law in this country which seems to me to be completely out of order. While claiming to correct a headline in the paper, Mr. Speaker, the deputy House leader went on to say that the rule of reason should override the rule of law. Surely that is a new concept in this country.

All I want to say is that that is exactly the argument which has been advanced by every government which wanted to erode human liberty in the name of protecting human liberty. This is exactly what Richard Nixon said and, long before him, what Adolf Hitler said. I think this sort of intervention under the guise of a question of privilege ought not to be permitted.

Mr. Speaker: Order. In the case of two questions of privilege raised this afternoon, the Chair exercised greater leniency than perhaps it should, and this was not all in respect of the matters which were referred to. However, perhaps the experience this afternoon is an indication that the Chair will have to take a much harder line on questions of privilege in the future.

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION BOARD

TABLING OF REPORT TO MINISTER

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act, I wish to table, in both official languages, copies of a report sent to the minister by the Anti-Inflation Board.

● (1602)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, questions Nos. 174, 175, 183, 212 and 266 will be answered today. I ask, Mr. Speaker, that the other questions be allowed to stand.

Mr. Speaker: Are the other questions allowed to stand?

Some hon. Members: Agreed.

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO ANTI-DUMPING TRIBUNAL

Question No. 174—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Anti-Dumping Tribunal and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. Nil.

2. Non-applicable.

NUMBER OF PERSONS UNDER CONTRACT TO ARMY BENEVOLENT FUND

Question No. 175—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Army Benevolent Fund and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): The Army Benevolent Fund Board has reported to me as follows: 1. None.

2. None.

NUMBER OF PERSONS UNDER CONTRACT TO CANADA LABOUR RELATIONS BOARD

Question No. 183—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canada Labour Relations Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John C. Munro (Minister of Labour): 1. Currently the Board has one person under contract and that person is a retired public servant.

2. Total amount paid to persons under contract: (a) 1975/76, $1,315; (b) 1976/77, $1,509. Amount paid to retired public servants: (a) 1975/76, $1,315; (b) 1976/77, $490.

NUMBER OF PERSONS UNDER CONTRACT TO DEFENCE RESEARCH BOARD

Question No. 212—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Defence Research Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Barney Danson (Minister of National Defence): 1. Nil.

2. Not applicable.

ARMY BENEVOLENT FUND—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 266—**Mr. McKenzie:**

1. Has the Army Benevolent Fund obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Army Benevolent Fund in (i) 1975 (ii) 1976?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): The Army Benevolent Fund Board has advised me as follows: 1. (a) 1975, None; 1976, One part-time employee in Ontario. (b) None.

2. Paid out of general Fund as per authority ABF Act 1947, Sec. 8(2).

3. (a) Ontario only, $6.40 per hour; (b) Not available; (c) 1975, Nil. 1976, $636.80.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Perhaps I should indicate to the House that, pursuant to our revised practices, at two o'clock this afternoon the matters to be raised pursuant to Standing Order 40 are as follows: the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Post Office— Request for assurance surveillance of mail not permitted; the hon. member for Halifax-East Hants (Mr. McCleave)—External Affairs—Measures to aid employees affected by change in value of Canadian dollar; the hon. member for York-Simcoe (Mr. Stevens)—Finance—Request for estimate of level of unemployment next year.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed from Thursday, November 10, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, when the debate was adjourned last Thursday I was in the midst of saying something about the policies the government introduced in this bill dealing with life insurance policies owned by Canadians. I believe it to be worth while to repeat the inconsistencies in this proposal, particularly those which state that some loan interest shall be deductible but not interest on a loan before a certain date. In other words, the government is saying that the general rule of income tax which states that interest paid out on loans obtained for the purpose of earning income is deductible, is not in effect in respect of interest on loans on life insurance policies.

The reason for this, given by the former minister of finance, is that some loans are repayable and some are not. The minister seems to have come up with the equation that if you borrow from a bank, the loan must be repaid; but if you borrow from your life insurance company by way of a loan on your policy, that is not a repayable loan— ignoring the fact, of course, that the insurance company will certainly collect the loan at some time or another, even if it waits until the borrower dies. After all, insurance companies have a responsibility to their policyholders and their shareholders.

In addition, all loans on policies are deemed to give rise to a capital gain, so we have another inconsistency because the government now says, as a final concession, that when you die, it should not reach into the grave and take money away from your family: there is no application of the capital gains tax. However, if there is a cashing-in of a very small policy, or if a loan is taken out on a policy, this gives rise to capital gains tax. I just wanted to repeat those inconsistencies as I was in the midst of dealing with them on Thursday.

Let me point out the final anomalies of these provisions. Anyone who now wishes to borrow on his life insurance and has a built-in rate of 6 per cent or 8 per cent—whatever it happens to be—will find that he has to take his equity in that life insurance policy to the bank or other lending institution and will end up paying in excess of 10 per cent or 11 per cent, probably about 14 per cent, in interest. That should not be too surprising to us because we have seen an example of this in other policies of this government where by some magic it thinks that even though the inflation rate is growing at 8 per cent and plus, the wages and dividends of shareholders, including the dividends of retired people who rely on that kind of income as a major source, is keeping pace when in fact it is sometimes under 6 per cent. Everyone knows that inflation is taking place at the rate of 8 per cent or plus, and the average individual cannot get along with a 6 per cent increase in income.

I think this situation is not surprising, for another reason. We have heard the distortions made in the current debate, and I think particularly of the Minister of Industry, Trade and Commerce (Mr. Horner) who in his speech was critical of those on this side. Although statements to the contrary have been made, the minister criticized hon. members on this side for riding to power on the backs of the RCMP. I think that was the way he put it. We have seen other ministers in the country, being quoted and misquoted as a result of statements, taking that same point of view. I suggest that the people will not be fooled very much longer. They will understand that the policies this government is instigating will not work, and I suggest that this government and this kind of policy will no longer be tolerated.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, on October 20 my colleague, the Minister of

Finance (Mr. Chrétien), reiterated to members of the House the steps announced in the budget of March 31 and also described certain subsequent measures the government intended to take vis-à-vis the economy. He referred to—and indeed there has been in recent years—the considerable public attention and discussion devoted to questions of government expenditures and their relationship to the economy. Since this, as the House knows, is precisely the area of my particular responsibilities, I thought I would take the opportunity to share with hon. members some of my thinking on the matter.

In late 1975, the government adopted a very clear policy of expenditure restraint. The policy is that over time federal expenditures will grow in line with—will not exceed—the trend of growth in the gross national product. In effect, this means that, depending upon the response the government deems necessary to deal with particular prevailing economic circumstances, government spending may grow at a rate somewhat less or somewhat greater than the g.n.p. in any given year, but growth trends of federal spending and g.n.p. over any period of time will remain similar.

Since that policy was adopted, each year we have set an expenditure ceiling and growth target very close to the forecast of the growth in gross national product. In 1976-77, the first full fiscal year in which that policy was in effect, the forecast gross national product growth was 13.4 per cent and we set a spending growth ceiling of 14 per cent. We managed to hold actual final expenditure growth that year to only 10 per cent, well below the forecasted g.n.p. growth and the expenditure ceiling. In dollar terms, we said for that year we would contain spending to $42.15 billion. We completed the year at $41.1 billion, which was over $1 billion less than our commitment, a fact that went by relatively unnoticed by most members, and certainly by the media.

At the beginning of the current fiscal year, 1977-78, the g.n.p. growth rate was forecast to be about 11 per cent. Accordingly, we set our expenditure growth rate ceiling at the same figure. Subsequently—March 31, to be precise—we reduced the target to make room for some tax cuts which were committed in the March 31 budget. There have been changing economic circumstances since which have led to very large new demands for funds. I am referring to such things as transfers to the provinces for medicare, for hospital services, hospital insurance, post-secondary education; all under the formula dictated by the established programs financing act which, as hon. members will recall, was renogotiated last fall.

• (1612)

We have had some very heavy demands to meet our commitments in that regard. In spite of such very large and, in some cases, unforeseen requirements, the government is still confident that it can hold total spending growth in 1977-78 to about 8.2 per cent. We expect to hold to our committed ceiling, that ceiling committed last March for this fiscal year, of $44.45 million. Taking inflation into account, that will represent an almost zero real growth in expenditures for this fiscal year 1977-78.

Income Tax

At the same time that the government has been taking steps to try to bring our expenditures into line, we have been taking steps to severely restrain expansion of the public service. For the 1976-77 fiscal year, the total growth of authorized man-years within the public service, subject to control by Treasury Board, was held to 1.3 per cent, which was considerably less than the growth rate experienced in prior years. For the fiscal year 1977-78 the growth rate has been reduced to only .6 per cent, or six-tenths of one per cent. In order to maintain such low growth levels in light of many new and important government initiatives requiring new or more staff, thousands of man-years had to be reallocated from other programs.

Two consecutive years of low growth in the public service have resulted in some strains. I firmly believe it is still possible, and certainly still necessary, to accommodate new demands by drawing man-years from other areas which have a lower priority. Therefore, we intend to continue this program of constraint of growth in the federal public service.

Back in 1967, the federal government's total outlays, including transfers to other levels of government, amounted to 16.3 per cent of our gross national product. In 1976 this was slightly more than 20 per cent. Our total expenditure as a federal government was slightly more than 20 per cent of the g.n.p. Ten years ago, the purchase of goods and services, including the salaries of public servants and the cost of materials and supplies—the cost of running the government, as it were—plus the government's capital expenditures, plus the servicing of the public debt, accounted for approximately 50 per cent of our total federal government outlays. In 1976, the comparable figure for the same purposes was only 40 per cent of much greater potential outlays.

The point I am trying to make here is: the cost of running the federal government, including the cost of defence, external affairs, tax collections, the delivery of the various social programs, the operation of the criminal justice system, consumer protection, the servicing of the public debt, and so on, has stayed almost unchanged relative to the capacity of the economy. Moreover, the proportion of spending by the federal government for its own salaries and offices is less than ten years ago. The remaining outlays, which consist of transfers to provincial and local governments and transfers to persons and other subsidies, accounted for about half of the total government outlays in 1967 and grew to approximately 60 per cent of the total outlays in 1976.

The really large growth in federal spending has taken place in those programs which are redistributing income through transfer payments by the federal government, either directly to individuals or indirectly to them through the provincial governments. The policy of the government, and the practice it has worked out, has been to reduce spending for its own operations while simultaneously meeting its commitments to the aged, the unemployed, the sick and the less advantaged regions of the country. We have maintained that policy despite the increasing gap between rising indexed expenditures and much slower growing tax revenues that are indexed to protect taxpayers to some degree against inflation.

I should like to illustrate the immense impact such programs have had on the growth pattern of federal spending over the past several years. For example, I should like to place before the House three functional areas which have accounted for over 60 per cent of the increases in spending in the last seven years. Between fiscal year 1970-71 and the fiscal year we will complete on March 31, 1978, roughly 33 per cent of the total increase in government spending has come from health and welfare functions of the government. I want to stress that encompasses more than the programs administered by the Department of National Health and Welfare and includes programs for our native people, the Indians, the Eskimos, as well as some urban programs. That objective absorbed approximately one-third, or 33 per cent, of the increase during that time. About 13.5 per cent of the increase over those years has come from the increased cost of the servicing of the public debt.

Economic development and support programs through the Department of Agriculture, the Department of Fisheries and the Environment, the Department of Energy, Mines and Resources, the Department of Industry, Trade and Commerce and DREE accounted for some 12.5 per cent of our increase in spending.

When you consider that there are literally hundreds of programs competing for very limited resources, several things, in my opinion, become very clear. First, the government has apportioned the largest single amount of new resources over recent years to those programs which benefit the individual. Second, the cost of meeting many of our programs has been greater than the growth rate of government revenues. As a result, the government has had to borrow relatively large sums of money and consequently apportion more of its annual income to interest payments.

Third, the growth of investment in economic development, while it is significant, is as low as we can go if we want to maintain a competitive position and play the part of an advanced industrial nation, and if we want to live like citizens of a major world economic power which befits the sixth largest economy in the western world.

To find the course of action of government expenditures, which simultaneously funds the established social requirements and meets the complex economic needs, is not an easy task. First, we must reassess each and every program expenditure to determine how effectively it meets its objective. Second, we must ask ourselves quite candidly if the objective still has a high enough relative priority to justify the resources we have allocated to it. In each of the past few years, such reviews have been undertaken.

● (1622)

Many projects have been modified or cut back. Some have been eliminated to free resources to meet greater needs. Within the area of my own responsibilities, the officials of the Treasury Board secretariat have aided and advised the departments on what is, admittedly, a very difficult exercise; but I will say that without the co-operation of my cabinet colleagues and their deputy heads, this restraint would still not have been possible. They are recognizing the need to re-examine programs and to take the steps necessary to ensure that expenditures, both in quantity and in purpose, are only those which will best serve the needs of the country over the next few years. That re-examination of programs and that evaluation of policies is a continuing requirement.

There are not, and there never will be, enough resources to meet all the demands, even legitimate, meritorious demands, even in this still rich and affluent country. We simply have to balance the continuing needs of all sectors of our society with the achievement of stable economic growth very carefully, because in the final analysis our ability to bear the costs of all our programs is dependent upon our economic health.

One way to achieve this balance—and I presume this will be a subject of stimulating debate over the next month and year—would be to fine-tune the delivery of programs in order to channel income redistribution more precisely to those in need and to ensure that redistribution does not conflict with the objective of increasing the productivity and output of the nation. Indeed, an expenditure pattern and a growth rate which is sustainable, while meeting the needs of the country and all its people, has to be chosen. In my view, this means that we must always seek to rationalize existing programs which are directed to target populations—the sick, the aged, the unemployed and the needy—to ensure that within the limited resources available the most important needs are adequately being met.

I have no illusions that the actions I am proposing for the future will be simple. I think we are all aware that the programs responsible for the largest government expenditure growth are those which affect individual Canadians in the most direct and obvious manner, and everyone is naturally reluctant to support reductions in programs from which he or she benefits directly, no matter how justifiable such reductions may be. Obviously, most of these same programs will require discussion and legislative amendments over the years before any expenditure savings can be realized. With our present pattern of spending—brought about by legislated statutory programs, contractual arrangements with the provinces and other firm commitments—there is a minimum of discretionary room for the government to meet the changing social and economic needs of the country.

The future requirements of the economy in the fields of energy, transportation, primary industry and many other sectors may require the assistance and co-operation of the government and the private sector. Indeed, I do not think those potentially large expenditures by the government in these areas can be met by simply increasing the rate of growth of federal government expenditures, unless we are prepared to accept a burden of taxation which I think would be intolerable. Among other things, for the government to respond in the future to anticipated changes in the national and international scene without unacceptable levels of spending, we are obviously going to require much more flexibility in our spending patterns than we now have.

We have been working hard reviewing spending patterns, particularly over the last two or three years. Much more remains to be done, and when more specific approaches have been developed I look forward to the co-operation of the House of Commons in dealing wisely with them in the future.

Before concluding my remarks I would like to turn for a few minutes to the broader aspects of our economic condition in Canada. I suppose one would be blind and unrealistic not to recognize that most of the world today is facing economic stress and tension. There have been incredibly dramatic shifts in real wealth between the different parts of this world.

I suppose the single, most significant example is that of energy cost increases. We are seeing the developing nations seeking their rightful share of the world's riches, becoming industrialized, competing at, for the moment, much lower wages, wage costs and other costs; and with increasing productivity. They are becoming a new factor in the competitive world. Canada has not—nor could we ever have—escaped this competition, particularly since we are such a high-volume trading nation with regard to both exports and imports.

For most of this century, particularly since World War II, Canada and its people have had an ever-onward and ever-upward gain in wealth and in material standards. That progress, although somewhat slower, continues today. Yes, we do have real problems. We share most of them with the rest of the world, but a few are particular and peculiar to this country. However, by almost every economic, social and political indicator in comparison to almost every other country in the world we are still the most favoured today and for the future.

Our unemployment rate is far too high. We worry about that, and we must respond wisely. But our employment growth rate—the other side of that coin—remains one of the highest in the world. Our over-all economic growth has slowed, but the forecast g.n.p. growth this year of 2 per cent or 3 per cent will still put us amongst the top performances in the world on that score. Our g.n.p. per capita—$8,090 U.S. per person—exceeds that of the United States, Japan, West Germany, France, Britain or Italy. As a country, we list thirty-first in the size of our population, but we have the world's sixth largest economy. While our inflation rate is still too high, it is lower than that of most industrialized countries.

I could go on documenting our better performance. My purpose is not to obscure or to patch over our weaknesses, but to present to Canadians a better balance and therefore to justify, in my view, a more optimistic and confident picture. It seems to me that that is what is needed in this country.

Some hon. Members: Hear, hear!

Mr. Andras: We need a balanced view of where we are, because I am afraid we Canadians have a great tendency toward introspection. Our media certainly seem to dwell and live on negatives. They pour the gloom upon us in a veritable flood. Our unemployment increase is on page 1 of the newspapers or on the 11 o'clock news. On the other hand, if our employment growth is mentioned at all, it is mentioned on page 89 or on some obscure broadcast.

● (1632)

We have some particular and peculiar Canadian problems, some not shared by others, affecting our ability to overcome employment and combat inflation. We have the very serious and worrisome situation vis-à-vis Quebec, unquestionably affecting not only the economy of that province but of the whole country. We have the continuing problem of our apparent inability as a nation to reconcile any reasonable co-operation for the good of all, the relations between our labour force and management which result in serious and growing productivity and cost problems. We have a vast and diverse country with additional built-in costs in some areas, making for great variance in economic opportunity. These are some of the particular challenges we face. But if we compare our situation today with most of the rest of the world, I think probably the government of almost every other nation would gladly change places with us, even under the economic stresses and strains we think we have.

We cannot patch over our weaknesses, but let us make a constructive beginning in this House of Commons. If we do not, we will psyche ourselves into far more difficulty than the real situation warrants. We must work together on our weaknesses. Certainly, we cannot go around with three solitudes—government, business and labour—each blaming the other. We, as a government, have to accept our responsibility. I am prepared to say that we have made some errors. I think governments of this country over the last several years have allowed their expenditures to grow too rapidly and too much. We are trying to reverse that. I think it is fair to say that the provinces are trying to reverse that as well. We are trying to find some constructive ways to direct the scarce resources that even this country can generate.

I believe that labour and business have to pull up their socks. We have to do our job in a co-operative fashion. Productivity is a great worry. The cost per hour in manufacturing and some export activities is too high compared with that of our neighbours and competitors. There is no use waving a magic wand, carrying banners or creating slogans: there is only one way to change, and that is for government, labour and business to face economic reality.

Let us not psyche ourselves into depression attitudes. Let us not psyche ourselves into a situation not warranted by the facts. Let us start thinking positively. I suggest the best place to begin is right here in this House of Commons, Mr. Speaker.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, the debate today is fairly wide-ranging. Even the Minister of Finance (Mr. Chrétien) called it a mini-budget debate on several occasions. I should like to outline what I see as some of the problems with the mini-budget. In many ways it has been a reintroduction of measures brought down on March 31 by the hon. member for Rosedale (Mr. Macdonald), the former minister of finance. His was a very conservative budget and tended to follow the "trickle down" theory, as we call it: you

prime the pump and hope some of the stimulation at the top will help people at the bottom.

Mr. Speaker, we do not believe that is the best way to stimulate the economy. This view was endorsed by many people. On April 1, 1977, Geoff Stevens, writing in the *Globe and Mail*, said it was no mean feat that the then minister of finance had managed to out-Tory the Tories. Perhaps that is how he got the hon. member for Crowfoot (Mr. Horner) to join the Liberal party shortly after that budget.

The president of Shell Oil, William Daniel, said that it is a business-oriented budget, and Sam Hughes, executive director of the Canadian Chamber of Commerce, said they were grinning from ear to ear. A wide section of Canadians in the business community seem to think that the budget presented last March and the recent mini-budget are both business-oriented and very conservative indeed.

We must consider whether this type of budget will be good for the economy, Mr. Speaker. I think all of us can agree, despite the remarks of the President of the Treasury Board (Mr. Andras), that the economy is in desperate shape. We have over one million unemployed, all kinds of regional inequities, all kinds of alienation about the way the country is organized—and not just in Quebec but in the Atlantic provinces, Newfoundland and western Canada. We must try to find out how this budget is going to help the Canadian economy. Many Liberal ministers will argue that we must have more incentives in the country. Perhaps they are picking up a Tory argument with that when they say there has to be more stimulation in order to create jobs.

I should like to examine the government's record. Many of the corporations which have received stimulus have not created jobs but, rather, have laid off hundreds and thousands of workers even while getting grants from the federal government. It is not a case of laying off workers once Santa Claus has gone away—they lay them off while he is still there reaching into his pack-sack and handing out gifts to the corporations. Alcan, for instance, started up in 1928 in its present form. By 1970 it had accumulated assets of $2,215 million. In 1977 it had increased its wealth by 46 per cent, to $3,251 million. But Alcan, which has been making handsome profits—its most recent profits increased 560 per cent from $21 million in 1976 to $138.8 million in 1977—laid off 400 workers in their fluorspar mining operation in St. Lawrence, Newfoundland.

That company made quite a lot of money very rapidly, and one would think it did not need incentives to expand. The profit was not made just on the initiative of the company. By June 1977 it had received $180 million in concessions from the government, and under the mini-budget of October this year it will receive another $11 million in grants and tax concessions.

The second case I come to is Inco. I think everyone has heard that they propose to lay off about 4,000 workers in Ontario and Manitoba. Their assets have grown from $1.8 billion in 1970 to nearly $4 billion in 1977. Yet workers are being laid off notwithstanding the fact that the federal government has given that company many gifts over the years. According to the most recent statistics, they have received a gift of $378 million in deferred income taxes. These are taxes which have been deferred by the government and are not paid by the company. There is an estimated additional figure of some $10 million which will go to Inco because of the latest budget brought down by the Minister of Finance during the last month.

[Mr. Nystrom.]

● (1642)

If that is not enough, we find that the Export Development Corporation, which is the subject of debate from time to time here in the House, has again indirectly helped Inco to the tune of another $75 million for the development of mines in places like Indonesia and Guatemala. Here is a large company with a lot of assets, a great deal of skill, much experience in world and Canadian markets, which has been given literally hundreds of millions of dollars of taxpayers' money, which has been given roughly $10 million more in the latest budget of the Minister of Finance, and which almost simultaneously has laid off some 4,000 Canadian workers.

Now I turn to the third of the four examples I wish to use. I refer to Northern Telecom, a subsidiary of Bell Canada, which received some $3 million in economic gifts very recently as outlined in the statement read by the Minister of Finance. At approximately the same time it laid off some 1,000 workers in plants throughout Ontario and Quebec. But poor Northern Telecom, Mr. Speaker, increased its assets in Canada from $363 million in 1970 to $705 million in 1976. It received this additional $3 million in gifts from the Minister of Finance and has been laying off some 1,000 workers in the provinces of Quebec and Ontario.

Then we come to Noranda, my fourth and final example, in this debate. Noranda started off in its present form in 1922. By 1970 it had accumulated assets of more than $870 million. Again, we see more than a doubling of its wealth to some $1.9 billion in 1975, reaching over $2 billion by 1976. But Noranda, which has received some $86 million in deferred income taxes, a gift from the Canadian government, received an additional $5 million in the budget announced by the Minister of Finance last month. Shortly thereafter, the company laid off some 500 workers in four mining communities in Canada and is presently threatening to lay off another 1,700 workers in the Gaspé region of Quebec.

The four examples I have given are those companies which have received huge tax concessions and numerous gifts in the past from the government of Canada in order to promote an economic climate in which they would hire workers and improve the economies of the areas in which they are located.

In all cases we have seen these companies not only failing to expand their operations but, indeed, laying off workers. In all cases we have seen these four companies receive, as a result of the budget we are discussing today, additional gifts and tax concessions from the government of Canada. I suggest that this type of hand-out to large companies is not the way to increase employment in our country; it is not the way to stimulate the economy. In fact, these hand-outs have had very

little bearing on the decisions of companies as to where they will operate a mine or where they will construct a plant.

In the case of Inco, the profits they have made in Canada are being used to develop mines in Indonesia and in Guatemala. The policy followed by this government had in my opinion been wrong. It is not helping the ordinary Canadian citizen in any way.

I have only offered four examples, Mr. Speaker, but there are literally hundreds of instances of the government providing aid to the corporate sector over the last number of years though any benefit to the people of this country has been questionable, if helpful at all. I believe the government probably gives more aid to the corporate sector than any other government in any industrialized country anywhere in the world.

What does this policy do for us? We have the highest unemployment rate of any industrialized country. I do not think any nation in the industrialized world has a higher rate of unemployment. While I was preparing to make my comments, I happened to read some statistics on unemployment around the world. I found some figures concerning unemployment rates between 1960 and 1974 which are very interesting. The United States, Japan, Canada, France, West Germany, Italy, United Kingdom and Sweden are listed. Just by reading that list of countries we find that Canada, an industrialized society with people who are educated and technically skilled is blessed with more resources than many of the others.

Which of those countries I mentioned, Mr. Speaker, do you think, over the average of those 15 years, has had the highest unemployment rate of all? It is Canada. Our unemployment rate was 5.4 per cent, on average, over that 15-year period. That is a very high unemployment rate. If one takes our latest figures into consideration, the average rate would of course be higher. The highest rate of unemployment during that 15-year period was 7.1 per cent. The lowest rate of unemployment experienced during those years was 3.9 per cent.

Let us take a couple of countries at the other extreme. West Germany, although devastated in two world wars and divided in two just about 30 years ago, had the lowest unemployment rate of all. Its average unemployment rate was .8 per cent, indicating a country which obviously knows how to manage its economy and its resources so that its citizens are working and producing. The highest unemployment rate in West Germany during those 15 years was 2.1 per cent, and the lowest was .3 per cent.

In Canada, on the other hand, if the unemployment rate is 3 per cent we say that really it amounts to zero unemployment—it means we are really fully employed, with just a few people unemployed as they go from one job to another. But the highest rate in Germany in 15 years has been only 2.1 per cent. I suggest that with statistics like that, our country, given the resources at its disposal, has indeed been governed in a very bad and sad fashion. While I have the figures, let me cite a few other countries. Japan, for example, had an average unemployment rate of 1.3 per cent. The highest unemployment rate there in 15 years was 1.7 per cent; the lowest, some 1.1 per cent. In France the average was 2.3 per cent; their highest was 3 per cent and their lowest 1.6 per cent. Every country has Canada beat when it comes to the unemployment rate. In Sweden the average rate was 1.9 per cent. The highest unemployment rate they suffered was 2.7 per cent, and the lowest some 1.9 per cent.

Not all the countries I have referred to have elected social democrat or democrat socialist governments. A number of them have had Conservative or Liberal administrations throughout the years, countries such as West Germany, Japan and France. Despite that, they realized the importance of good planning and the proper allocation of their resources. They realized in those countries that full employment was not gained by just priming the pump at the top and hoping that some of the stuff you prime the pump with—namely money—would trickle down to the bottom, creating jobs and stimulating the economy. They realized other things need to be done if there is to be a buoyant and strong economy.

I referred earlier to four large companies which over the years have received huge hand-outs and grants, and which in this latest budget received more stimulus from the Minister of Finance. I noted that in all cases those companies had laid off workers or were in the process of doing so. Taking the companies in our country as a whole, about $10 billion is owed by them at the present time in corporate taxes. About $10 billion in deferred taxes is also owed by those companies; that is about $10 billion of interest-free, deferred taxes is owed by those companies. Just think of what we could do with the interest on that $10 billion in terms of creating jobs in places like the Gaspé and Newfoundland. We could create a lot of jobs. The largest 1,000 corporations in this country owe some $9 billion. Therefore, it is not just the small companies that owe this great amount of money.

● (1652)

What would happen if an ordinary taxpayer tried to defer his taxes for a number of years? He would receive a very abrupt notice from the Minister of National Revenue telling him to pay his taxes quickly or face the penalty for not doing so. However, the large corporations do not operate in that way. If, by deferring taxes, the corporations created jobs, that would be a different argument. But look at Inco and the other companies I have mentioned. They have all received large grants, but in every case they are laying off workers. The employees have been put in the position of having to accept hand-outs rather than jobs. That is wrong.

It is not just the companies I have referred to which received grants under the last few budgets. There are a number of others as well. As a result of this budget, the gift to Imperial Oil will be about $3.9 million. Shell Oil will receive, from "Santa Claus Chrétien," some $4 million; Gulf Oil, $3.3 million; BP, $1.3 million; and Texaco, $1.2 million—for a total of $13.7 million in additional gifts.

If any sector does not need stimulus and tax concessions, it is that of the gas and oil companies. They have made immense profits in this country and around the world in the past few

years. These companies do not employ many people. They are capital-intensive, not labour-intensive. They do not supply tens of thousands of jobs. Therefore, the policies followed by the Minister of Finance are very bad indeed. In some ways they have become repulsive, looking at some of the public statements that have been made on programs to the effect that they will help people.

I spoke to someone who had called a radio show on Remembrance Day to speak to the Minister of Veterans Affairs (Mr. MacDonald). The caller asked why disability pensions had not been increased. Over the past five-years, veterans' disability pensions have fallen off by approximately $6 million a year, for a total of $30 million. The minister replied that pensions had not been increased because the government had to tighten its belt. He said the government was not a money machine and could not go on increasing spending forever.

Mr. Lalonde: You are misleading the House.

Mr. Knowles (Winnipeg North Centre): Tell that to the veterans.

Mr. Nystrom: In the same budget, the government saw fit to give the corporations of this country some $1.2 billion.

Mr. Lumley: To create jobs.

Mr. Nystrom: Like Inco creating jobs with all the gifts they have received from this government! They are laying off some 4,000 employees. I spent a great deal of time putting the statistics on the record. What about Alcan and the other companies that have been given gifts and are laying off people? If the government is going to subsidize a private corporation to create jobs, and the corportion does not create jobs, it should refund the money to the government with interest, so that it can be used elsewhere to create jobs for the ordinary people of Canada. However, that is not being done by this government.

Look at the unemployment situation. The President of the Treasury Board said that our economy is really good but there are too many gloom and doom people in the opposition and in the press gallery who are not telling Canadians the truth. I referred to unemployment in other parts of the world. Canada is the worst of all countries, despite our vast resources. A lot must be done to clear up this situation. I referred briefly to some of the statistics which are a disgrace. We now have a seasonally adjusted unemployment rate in Canada of 8.3 per cent. Our average over the past 15 years has been 5.4 per cent. It has become a lot worse in the past few years.

We have a very high rate of unemployment: 13.5 per cent in the Atlantic provinces, 11.4 per cent in Quebec, 8.5 per cent in British Columbia, 6.8 per cent in Ontario, and 4.8 per cent on the prairies. What is the government going to do about that? What is it going to do to get these people back to work, rather than give them hand-outs? Is the government just going to go on in the same old conservative fashion of stimulating the large corporations which only operate at 80 per cent capacity? If they wished, they could easily expand that rate of production.

I suggest the government should be doing almost the opposite of what it is doing. Instead of stimulating the top, they should be stimulating the bottom, giving a major tax break to low and middle income people. If you increase their purchasing power it will stimulate demand. Perhaps some of the unused capacity of the corporations could then be utilized. More jobs would be created as a result of the increased purchasing power. These people could then buy the necessities of life for themselves and their families. This is what must be done if we want to get people back to work and have an economy that is strong and buoyant.

May I call it five o'clock, Mr. Speaker.

PRIVATE MEMBERS' MOTIONS

Mr. Deputy Speaker: It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions, public bills. Before calling the order for today I wish to bring to the attention of hon. members that last week the hon. member for Vaudreuil (Mr. Herbert) raised a point of order as to the procedure in bringing a motion before the House and standing other motions. The hon. member questioned the procedure that has been followed in the past.

Upon an interpretation of the Chair of Standing Orders 19(1) and 49(1) and their application, the Chair left the way open for the hon. member to request reconsideration of the decision at a later date. In his remarks at that time the hon. member requested that the Chair re-examine the whole question of programming of private members' hour as far as notices of motions are concerned. Further to that, the hon. member for Vaudreuil wrote a letter to Mr. Speaker of which I have just received a copy. That letter raised points that go beyond the question of standing motions under Standing Orders 19(1) and 49(1). It goes as far as questioning the right of the government to plan the work of private members' hour.

In light of this point in particular, as well as the other point, I think I should take this whole question under advisement. I would invite comment from hon. members the next time notices of motions are taken during private members' hour. At that time I hope the Chair can render a decision on this whole question.

● (1702)

Mr. Paproski: On a point of order, Mr. Speaker, I believe there is a disposition to allow the hon. member for Winnipeg North Centre (Mr. Knowles) to proceed with motion No. 14 and to allow the preceding motions to stand at the request of the government.

[*Translation*]

Mr. Pinard: Mr. Speaker, pursuant to Standing Order 19(1), I ask, on behalf of the government, that all motions

preceding that in the name of the hon. member for Winnipeg North Centre (Mr. Knowles) on the order paper be allowed to stand.

Incidentally, Mr. Speaker, with reference to the remarks you have just made, I might add that the solution is very simple. One merely needs to consider carefully the provisions of Standing Order 19(1) which reads as follows:

> Questions put by members and notices of motions, not taken up when called may (upon the request of the government) be allowed to stand and retain their precedence; otherwise they will disappear from the order paper.

Under these circumstances, if I have to rise each time at five p.m. to ask that notices of motions and public bills in the name of hon. members on the order paper be allowed to stand, because some hon. members are not ready to proceed, I shall certainly do so to by-pass the difficulty, but I feel that practices exist in the House, and that the activities of the House are not governed solely by our standing orders, but also by the practice of the House. May I therefore bring to Your Honour's attention the fact that, when you consider this issue and before rendering your decision, you take into account that sometimes the practice of the House may prevent useless procedural nightmares.

[*English*]

Mr. Herbert: Mr. Speaker, is it my understanding from the remarks which have just been made that the ten members who have motions on the order paper prior to the motion which is now to be called have declined to proceed today, those ten members having put their motions on the order paper on October 27 of this year?

Mr. Deputy Speaker: Order. I am not in a position to answer the question of the hon. member.

[*Translation*]

Perhaps I might point out to the parliamentary secretary that indeed one of the reasons why the decision cannot be given today is that the precedents are not clear, at least the past practices of the House in that respect are not clear. The procedure now followed by the government to organize the working schedule for the member's hour is a new procedure dating from the last session. It must be considered not only in the light of the last session but also in the light of past experiences and this leads us to inconsistent practices which can be challenged by hon. members, including the hon. member for Vaudreuil (Mr. Herbert), and if the parliamentary secretary would allow me to complete my comments in the other language for the benefit of the hon. member for Vaudreuil—

[*English*]

I would want to reserve the matter particularly since there are contradictions in past experience and practices and this is a new procedure which commenced in the last session, based not on previous usage of the two Standing Orders or past practices. This is why the Chair wants to take a deeper look at the question, especially since the hon. member for Vaudreuil is questioning the right of the government to intervene more or less on a permanent basis in organizing the work of private members' hour.

It is a question of opinion perhaps, but I think it is a worth-while point and should be taken seriously. It would also be useful for hon. members to do some thinking on the matter and even to discuss it with the Chair, so there can be a good contribution to the procedural debate which will be invited the next time the House reaches notices of motions in private members' hour.

Motions Nos. 2 to 13 having been stood at the request of the government, the House will proceed to the consideration of motion No. 14 appearing in the name of the hon. member for Winnipeg North Centre (Mr. Knowles).

OLD AGE SECURITY

SUGGESTION PENSION BE PAID TO PERSONS AT AGE 60 UNDER CERTAIN CONDITIONS

Mr. Stanley Knowles (Winnipeg North Centre) moved:

> That, in the opinion of this House, the government should give consideration to the advisability of amending the Old Age Security Act and the Canada Pension Plan to provide for the pensions payable under these two acts to be available at age 60 to all persons who meet the other requirements of the said acts and who are not in or are prepared to withdraw for the labour market, and also to provide for the basic amount of the pension payable under the Old Age Security Act, at age 60 for those not in the labour market and to everyone at age 65, to be increased to $300 per month, for this basic amount to be escalated each year by an amount that will enable pensioners not only to keep up with rising living costs but to share in rising living standards, and also to provide for the elimination of any means or income test from the Old Age Security Act, so that the full pension thereunder will be recognized as the established right of all our people.

He said: Mr. Speaker, my colleagues are telling me that just about everything I need to say has already been said from the Chair in the reading of the motion. Perhaps I should just say that those are my sentiments and then sit down, hoping that my motion might come to a vote. My experience in this House leads me to believe that this would not be the result if I were to sit down. Even though the likelihood is that this private member's motion will get the usual treatment in that it will be talked out, I hope that the discussing of this subject today and the contributions that will be made to it by those who get the floor will help emphasize the point that the time has come to make some real improvements in our legislation respecting our senior citizens.

This afternoon when the President of the Treasury Board (Mr. Andras) was speaking to another matter before the House, he drew attention to the large amount of money out of the federal treasury which goes into our various social programs. So what is wrong with that? As a matter of fact, a moment later he said that there was reluctance to cut back any of those programs because they affect individuals, persons whom we know, and so on. Well, Mr. Speaker, that very statement underlines my point that there is no better purpose for a government to have than to improve the life of the people who make up this country. When I say "people," I include all our people both young and old. But surely one of the things which we can do with all the great wealth which we produce in this country—I agree with the President of the Treasury

Board that we do not need to spread gloom and doom and to say the future is hopeless—is to provide the best possible retirement for our senior citizens.

This is why I invite the House today to indicate its support for the two main proposals which are in my motion: first, that the eligible pension age should be lowered, certainly for those who are out of the labour market; second, that the amount payable as old age security should be increased. I am prepared to admit, Mr. Speaker—in fact, I am prepared to go further than that and to assert—that the life of senior Canadians today is a lot better, a lot more civilized, than it was when some of us first came to this parliament—certainly a lot better than it was in the days of my predecessor as hon. member for Winnipeg North Centre, the late J. S. Woodsworth.

But when one speaks of the kinds of pensions which were paid in the 1920s, the 1930s and right into the 1940s, and compares them with pensions and other benefits that are available for our senior citizens today, there is no argument: we have made tremendous improvements, and parliament is to be congratulated for that. I think we have the right to say that our movement has been worth everything, even if we had done nothing else than to provoke parliament into passing good legislation for our senior citizens. The proper thing to do is not to compare what is available today with what was available 40 or 50 years ago. The proper thing to do is to ask whether our senior citizens are getting their fair and proper share of the wealth the country is now producing.

● (1712)

I spoke on this matter during the debate on the address in reply to the Speech from the Throne, I believe on October 25, and I pointed out then a statistic I think is relevant, that the gross national product of Canada today is a little over $200 billion. The President of the Treasury Board gave a per capita figure today which confirms that figure of over $200 billion. According to the statistics that are readily available, out of the federal treasury, about $5 billion is today being paid for benefits to our senior citizens.

I would estimate, and I think about all one can do in this area is some guessing, looking and trying to figure it all out, that probably our senior citizens, persons 65 years of age and over, receive from other sources, such as provincial treasuries, private pension plans, and so on, something of the order of another $3 billion. I make it clear that this is a guess, but I believe it is an informed one. I think I can say without being proved wrong too far one way or the other, that our Canadians 65 years of age and over are living on a total income of about $8 billion. In my view, the comparison that has to be made is not with what other things cost the federal treasury, but between what our senior citizens are getting, and what is being produced by the population as a whole. The amount of $8 billion is one twenty-fifth of the $200 billion we are now producing, but our senior citizens, about 2 million, represent about one-twelfth of the population. I suggest that is a relevant and important statistic. About one-twelfth of our people are getting about one twenty-fifth of the wealth that is produced.

[Mr. Knowles (Winnipeg North Centre).]

If you want to put this comparison in percentages rather than in fractions, you arrive at a comparable statement that 8 per cent of our people are getting only 4 per cent of the wealth we are producing.

I contend that there should be increases in pensions even at a time when the government is shouting for restraint, and I say shouting for it but not necessarily practising it in other areas. I am merely asking for what is fair, and if in a country like Canada we cannot be fair, especially to our older people, we do not deserve to be regarded as a civilized society. I press very strongly, in spite of all one can say, and I could say it as well as anyone else, that in view of the progress we have made in the last 40 or 50 years, compared with what we are able to produce in Canada today we are not giving our senior citizens a fair share.

I am not standing here suggesting there should be absolute equality or that retired people should have the same amount of wealth as those working, raising families, and so on—we are talking about this in comparative terms—but certainly the differences should not be as great as they are. We should not have 8 per cent of our people receiving only 4 per cent of the gross national product. I would emphasize that it is these people who helped bring the country to where it is today in terms of its capacity and in terms of its ability to produce, and I say we should be doing a lot better for them.

I express this desire that something better should be done for our older people in two main ways. On the one hand, as my motion indicates, we should be lowering the eligible age, certainly for those who are out of or are prepared to leave the labour market. In other words, I think both old age security and Canada Pension Plan retirement benefits should be available at age 60. Please note that I use the word "available". I am not suggesting that they be paid universally or automatically as they are now at age 65. I am suggesting that between ages 60 and 65 those who are out of the labour market, or are prepared to leave the labour market, should be entitled to draw the full old age security and the full Canada Pension Plan benefits they have earned. I will not take the time now to compare what we are doing with spouses' allowances, which is a grossly unfair way of providing pensions to some persons in that age bracket; I simply emphasize the fact that this would be a much more fair way of doing it.

Let me also argue, as other members have from time to time, if we did that, gave a large number of people between 60 and 65 the opportunity to retire, this would open jobs which are sorely needed by the younger people in the population. I am aware of the arguments we hear these days about the right to keep on working. We heard them in respect of a motion last week. I do not mind that, but I also want our senior citizens to have the right to retire, and there is not much use talking about the right to retire if you have to retire on nothing. Accordingly, I urge that consideration be given to lowering the eligible age under those two main pieces of legislation for those who are out of the labour market.

I could mention again some of the things that are said in response to this. We heard many statements by the former

minister of national health and welfare to the effect that there are other groups who need consideration, that we should not talk only about those between age 60 and 65. The difficulty is that, while he talked about those other groups which needed to be helped, he never did anything for them. There was introduced last year the social services act which was to be of some help, but it was dropped from the order paper and we see no sign of it in this session.

The new Minister of National Health and Welfare (Miss Bégin) has made noises about a guaranteed income plan. She has talked about the possibility of doing something in three selected categories. One was in respect of persons unemployed between ages 50 and 65. She has also talked about a negative income tax. I am interested in all these things she says, but when previous ministers went through these exercises year after year without doing anything, what hope is there that this minister will get anywhere in this area, especially when she is surrounded by cabinet colleagues whose main task these days seems to be to preach restraint?

I am all for the new minister and her suggestions that we should do something for the unemployed, the single parents and the others who are in need, but at least this move could, and should, be taken right away. We should move the eligible age down to 60. There are many people who do not want to retire at 60 or 65. Some may not want to retire at ages much older than that, but for a great many Canadian workers, especially the kind of workers I have in my constituency, mainly in industry, heavy, dirty, rough and tough, the thing that appeals to them is the possibility of being able to retire at age 60. So I press for that part of my motion.

The other part of my motion calls for an increase in the amount of the pension. I suggest the figure of $300. It is running a little over $150 right now. That is the basic pension and, of course, there is the guaranteed income supplement on top of that. That still involves the use of what the government calls, euphemistically, an income test. In my view it is still a means test. If we get a negative income tax we will start to get away from that. The guaranteed income supplement is fine for those who have nothing else, and 30 per cent of our senior citizens are in that position, but it is a very unsatisfactory proposition for many Canadians who are just above the cut-off line. Those are the people who, because they have a little something else, do not qualify for the supplement, yet find it extremely difficult to keep up with today's cost of living.

● (1722)

Please remember, Mr. Speaker, that what we owe to our senior citizens is not just the right to keep up with the cost of living as it was at their point of retirement, but what we owe to them is the right to keep up with the rising standard of living and the rising gross national product. I return to the plea made this afternoon by the President of the Treasury Board, that we do not need to spread gloom and doom but that we have hope for the future of this country. I share in his view, provided we can get rid of the government.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): If we have that hope, and if we believe that our productive capacity is such that we can go on producing greater quantities of goods and services than we now produce, the decision must be made that we are going to share that equally and evenly amongst the various sectors of our population.

As I have said before, I am proud of what Canada has done in the social security field, especially in terms of old age security. I think we have made some tremendous steps. I am proud to have been part of that process over quite a few decades. But that is no excuse for us to stop where we are. We can make things still better for our senior citizens, for those over 65 and for those who want to come in on the program between 60 and 65. That is the reason I present this motion today, and I hope the House will treat it favourably.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, the Good Lord said one day that we must always pray steadfastly. I think that the motion of the hon. member for Winnipeg North Centre (Mr. Knowles) is a practical application of that advice and I am very pleased to support that motion, more especially since I also had the opportunity to present similar motions. Indeed, I consider that Canada is in a position today to meet the needs of senior citizens aged 60 to 65 whose work throughout the years has earned them the gratitude of their country to allow them to live peacefully, enjoying security and freedom.

According to the statistics we have, 896,000 Canadians of both sexes are in the 60-to-65 year age bracket. It is therefore easy for Department of Finance or Treasury Board civil servants to figure out how much it would cost Canada to meet their needs.

We are talking here of voluntary retirement, of course, and I agree with that because many persons who have steady employment and are in good health want to continue working; the motion is not intended to prevent them from doing so, but God knows there are many people who work very hard and barely get by. I know hundreds of them. Representations are often made to me. I had some again over the weekend, and those people are eager to have the right to retire while being assured security. That is totally logical. Studies have been made over the years. The former Minister of National Health and Welfare (Mr. Lalonde) tabled some on the subject; he often told us that the federal government, through its officials, had discussed the matter with the provincial governments, with their provincial counterparts, with a view to reaching an agreement on how to amend the social acts providing help to the needy. I hope the matter will be studied so that, at long last, a bill can be introduced some time during this Parliament which will meet the needs of those people who are entitled to security and the gratitude of their country.

A serious look at the situation reveals that thousands of young people, young men and women alike, of 18 to 30, are without work. They are qualified, have had good schooling and are capable of serving their country well, but they cannot find

work. That comes as no surprise to the government. It is well aware of it. I am also convinced that it is not indefferent to that unfortunate state of affairs. I think it would be in the interest of the country to allow the people of 60 to 65, who want to retire, to do so and make way for the young people so that they, in turn, can give their full measure in order to deserve, when they reach a certain age, and have grown older, that right to security in old age. They must be given that opportunity. I am sure that if the government would agree to this motion, we would see a great improvement. There is no need hiding the fact, we are going through hard times and many homes are near poverty.

I would not want to dramatize the situation, but as an example, on Saturday last, November 12, at eight o'clock in the morning, someone rang my doorbell. There was this man in his thirties who introduced himself and asked if it was the home of the member of parliament. Yes, I said, and you are speaking to him now. You want to see me? He said: Yes, indeed. So I asked him in but he added: Wait until I go and fetch my "gang". I did not know what he meant. He came back with his wife and four kids, from 2 to 11 years old. There, he briefed me on his situation. He was not begging, he just wanted me to help him find a job. This man wants to earn a decent living for his family. While listening, I realized he was in a depressed mood, but he was in fact in good spirit. He wants to work to earn his living, but there is no job where he lives. As for unemployment insurance benefits, he does not like them because he knows very well that this is not a good way of providing himself with a regular income. As for welfare, he says he is too young to consider that.

● (1730)

Mr. Speaker, there are thousands of poor people. Parliament should decide to urge the government to amend the legislation referred to in the motion. Things cannot get worse than they are now. Will that cost more? I do not think so. Some reliable calculations have been made. If we could get back to work those we allow to live on welfare and who can work, we would not have to pay any more for them. They would pay taxes which would bring revenues into the national treasury, and 60 year old people would be able to get old age security benefits. That would be an exchange, even though that might cost a few million dollars more. In my opinion, Canada would benefit from this experience.

Recently I read a statement from the Minister of Finance (Mr. Chrétien) which has been reported in the newspapers; in any event, I believe it is true and until I get proof to the contrary I must believe what is published in newspapers where he was quoted as having said that "Canadians are too thrifty, they save too much. They do not spend enough". And he added: "They spend their money in Florida".

Mr. Speaker, those who spend their money in Florida earn enough income to get there. But they are not the ones who should be helped. No, we must help those who do not have enough revenues, such as middle and small income workers, those who do not have enough. They will spend their money in

Canada, not elsewhere. It is obvious that if we increase their income, we will allow them to spend more, we will stimulate the economy because those people usually buy the things they need every day.

That is precisely the problem today. We have a number of industries which do not operate to their full capacity, others are closing their doors. There are dramatic bankruptcies because they cannot sell their production and, at the same time, there are people who cannot afford the strict minimum. We are struggling in a vicious circle, like a dog trying to catch its tail and running around and around. This is the situation we are coping with.

For these people, inflation is a very serious problem. It means ever soaring prices which prevent those who do not get wage increases from meeting their every day needs. Inflation affects particularly these individuals and these families and the situation is getting worse from week to week, from month to month.

With regard to electricity in the province of Quebec—I prefer taking examples in my own province—in 1962 the Quebec government decided to nationalize electricity because this would help us become masters in our own house.

We could see in the papers the key of the "Masters in our own house". It was so long that it could not be put on the same photo from bottom to top. It had to be put across the page to make the "Masters in our own house" more precise. Let us consider the increase in hydro rates today. I shall probably be told that it is because of the James Bay development which is so costly. It has cost $6 billion so far and the total outlay is estimated now at $24 billion. I read in a report that it is going to cost $18 billion in interest alone. Herein lies the disorder, Mr. Speaker. Clearly, if money is to be remunerated more and more, once, twice, three times, four times, five times, a lot of money will go there and we will be unable to meet our obligations and ensure a decent living to the aged. It is also clear we will be unable to develop our economy, and our industries, and unemployment will increase. By the way, predictions are that unemployment will reach enormous proportions next winter.

When I hear such things I get depressed. Recently I heard somebody, someone highly learned, suggest that a war was the only thing to correct the situation, who said that? I will not name him, out of respect. A war was needed, some other people would have to be killed but not ourselves. Such is war, someone killing others. I have known two wars in my lifetime, the first and second world wars. What did they solve? They were supposed to end all problems. Well this has created temporary jobs but also resulted in huge indebtedness. And once the war was over, what could we do? We went back to that old habit—depression. Was the depression experienced between 1930 and 1940 caused by some scholarly crisis in the economic system? Not at all. The crisis was in the system itself. The proof is that history is repeating itself. After World War I, there was a period of inflation, short lived prosperity. From 1929 to 1939, there was real depression, systematic misery. At that time some people said a war was needed to

solve the situation. Well, we had World War II. What did it solve? We are now in the same situation, at the same point we were after world war II.

I am very seriously convinced we should follow the suggestion in the throne speech, that we should be looking for new ways. It would be a new way if we allowed our aged to live decently. This would give work to a number of young people, a positive, productive contribution toward prosperity. We could not do worse than we are now doing. For all these reasons, Mr. Speaker, I very seriously support the motion now before us and I wish the House would have the maturity to adopt it unanimously.

[*English*]

● (1732)

Mr. F. A. Philbrook (Halton): Mr. Speaker, I shall not go to the trouble this time of congratulating the hon. member for Winnipeg North Centre (Mr. Knowles) on his motion No. 14. We have done that many times before. If ever this House was entitled to have a feeling of déjà vu, it is now, with the hon. member's usual motion, well meaning as it is, to increase retirement pensions, to index them in this case, and to start them at an earlier age. However, there are some concerns about this proposal which the government side has to take very seriously. I hope the hon. member will listen to them very carefully and consider them sincerely.

The very sweeping changes in pensions suggested by this motion would clearly have an enormous immediate impact in terms of total government expenditures and of the taxes which would be required to pay for these benefits. In the long term the economic and social effects could be even more dramatic.

We should look very closely, then, at the costs these proposals would entail and the benefits to be derived by the Canadian population, and weigh them against the burden which that very same Canadian population would have to bear.

Let us first consider the proposed increase in Old Age Security benefits. The OAS program will expend about $4.5 billion in 1977, roughly $3.4 billion of which is spent on the basic OAS benefit payment, $1 billion on the Guaranteed Income Supplement, and $1 million on the spouse's allowance. Since there are at present almost exactly two million Old Age Security recipients in Canada, a $1 increase in the OAS pension implies a cost increase of $24 million annually.

The hon. member's motion proposes that the Old Age Security basic benefit be raised to $300 per month from its present rate of $150.43, virtually doubling the current rate. It is easily calculated that two million pensioners each receiving $300 per month, or $3,600 per year, would be paid $7.2 billion per year altogether. This would represent a rise in total program expenditures of roughly $3.8 billion, or 84 per cent greater than the present cost.

In addition, the hon. member proposes that the income test currently applied to the Guaranteed Income Supplement be removed, but when this same suggestion was debated in the last session he stated that the benefit itself should be retained. In other words, all OAS pensioners over 65 would be entitled to the full GIS benefit. If we assume that the ratio of single to married persons remains the same as for current GIS recipients, we can estimate that roughly 1.1 million persons over 65 would receive the GIS at the single rate and 900,000 at the married rate. This works out to a total expenditure of roughly $2.4 billion at present rates, or $1.4 billion more than current GIS expenditures.

● (1742)

The total Old Age Security program expenditures would therefore rise by about $5.2 billion per year at current rates if the benefit increases suggested by the member for Winnipeg North Centre are applied to the over 65 population, bringing the total program cost to $9.7 billion.

The hon. member suggests also that benefits under both the Old Age Security program and the Canada Pension Plan should be made available at age 60 to those not in the labour market. This is, in effect, the reinstatement of the retirement test which the Canada Pension Plan formerly applied at age 65. Now, however, it would apply at age 60, without an earnings test to mitigate costs.

As to how we could achieve any kind of fairness with a retirement test but no earnings test, I am not sure. Certainly there are many questions to be answered about this concept. It appears that a person with $100,000 per year of income from investment could state that he is not in the labour market, whereas a person who works part-time for a few dollars to eke out his or her income could be said to be still in the labour market. Persons such as housewives who are not in the labour force might be able to collect a full OAS benefit even though their spouse is working and making $20,000 per year.

What would happen if someone in receipt of benefits found work and wished to re-enter the labour force? Would the benefits be suspended and overpayments recovered? What would be done for people who are unemployed but continuing to seek work, even though the prospects of finding employment may be slim? Would we force them to give up all hope of employment and permanently withdraw from the labour market before they could obtain benefits? Since Unemployment Insurance benefits are currently payable up to age 65, would double benefits be permitted, or would we perhaps lower the age limit on UIC eligibility to age 60?

I might note that one of the reasons that the CPP retirement test, for persons over age 65, was abolished was to avoid some of the inequities which I have described above, as well as to remove the disincentive to work which such a restriction implied for persons aged 65 to 69. The hon. member suggests such a retirement test be applied at age 60 for both the Canada Pension Plan and the Old Age Security Act. With such measures, the Government of Canada would be very strongly encouraging people to retire at an earlier age, and almost penalizing them if they did not. If past experience is any indication, the Government of Canada would also be encouraging employers to lower compulsory retirement ages, as happened when the eligible age was lowered from 70 to 65.

Because of the possible changes in retirement patterns that such an incentive to early retirement might have, it is not possible to estimate accurately the total cost of permitting voluntary retirement on full pension at age 60 under the Canada Pension Plan and the Old Age Security program. We can, however, make some observations and approximations which might prove useful in considering the possible effects of such a decision.

First, I might note that at present 13.3 per cent of the population of Canada over age 20 is over 65 years of age, whereas 19.3 per cent is over 60 years of age. If we were to imagine for the moment that the entire population between 60 and 65 years of age were to retire, then clearly the cost of retirement programs would increase by at least 45 per cent. This would increase Old Age Security costs which, as you will recall, would already have risen to $9.7 billion, by another $4 billions, making the total cost 13.7 billion per year, or nearly 3 times the present total annual cost of the OAS program.

This speculation of mass retirement is not very far-fetched in the long view, if we consider the possibility that lowering the retirement age to 60 for the federal government programs might eventually lead to its being adopted as the normal retirement age in Canada. If we suppose, however, that only the approximately one half of the population between 60 and 65 who are not now in the labour force were to take advantage of this early retirement proposal, the cost of OAS would still rise by about $1 billion annually at the current benefit rate, or $2 billion at the proposed $300 rate. This in itself is more than ten times the estimated amount currently spent on social assistance for persons aged 60 to 64, excluding the spouse's allowance.

If this proposal also suggests that these people in the 60 to 64 age category receive full GIS as well, this would make the total annual program cost of Old Age Security nearly $12.2 billion, almost $7.7 billion more than the cost of the current OAS program.

In the Canada Pension Plan, we find a similar pattern. If all eligible persons were to retire at age 60 instead of 65, then the CPP beneficiary population would jump by almost one half. In the long run, the contribution rate would also have to rise by almost one half to pay for these benefits. Since it is now projected that the CPP contribution rate will have to more than double in the next fifty years, we might wish to reflect whether we have the right to commit succeeding generations to such an additional burden.

If legislation were introduced to allow CPP retirement pensions to be payable at age 60 in 1979, and if we assume that only half the eligible population takes advantage of early CPP retirement, we find that benefit payments would rise by $40 million in 1979 and would cost an extra $640 million by 1985.

The tale of financial woe does not end, however, with increases in numbers of pensioners and the dollar amount of benefits paid. We must remember also that, by increasing the number of pensioners, we decrease the number of people in the labour force who must pay the taxes and make the contributions to support the larger population of pensioners. In other words, we are not simply increasing by five the number of years for which the eventual pension must be paid, we are also lowering by five the number of years in which the individual contributes towards the benefits of others.

The effect might be made clearer if we think of the individual as "earning" his or her own eventual retirement through active participation in the economy and in Canadian society prior to retirement. A person who works from, say, age 20 to age 65, a total of 45 years, and then retires and lives a further 15 years to age 80, has, in effect, worked three years for every year of retirement. If we lower the retirement age by just five years in this example, we find that the individual has worked only two years for every year of retirement. Clearly the amount that is set aside in respect of every working year to pay for the eventual benefit must be considerably increased.

One final and vital factor must also be considered and that is the changing population profile in Canada. Our birthrate is dropping and is now well below the replacement rate. This means that the average age of our population is rising. If present trends continue, some demographers estimate that the ratio of retired persons to workers in the labour force will nearly double in the next fifty years, even with the normal retirement age still set at 65. This means that the tax burden required of each worker to pay benefits for the retired population will increase over the next fifty years. It is said that if we lower the normal retirement age to 60, the ratio will be three times what it is now and the eventual tax burden therefore three times as great.

There are other, hidden costs associated with lowering retirement ages and increasing benefits, on which we can only speculate. If income security benefits such as Old Age Security are drastically increased, will this encourage people to become more dependent on public pensions and to decrease their personal retirement savings? Certainly, the average private pension benefit will have to be smaller, or the contribution rate much higher, if we lower the average working career by five years, and increase the average payment period by the same amount.

There is one final point in the member's proposal with considerable financial implications, that is, the suggestion that the indexation of old age security benefits should relate not to the cost of living, but to the "standard of living". While this term may be fairly hard to define, we could take as an example the indexation of benefits in accordance with the average industrial wage, which traditionally has risen more rapidly than the consumer price index by a margin of 2 per cent to 2½ per cent.

If we were to index benefits by 2 per cent more than the cost of living, we would raise the cost of the Old Age Security program by more than $90 million in the next year alone. If the 2 per cent were calculated on top of the other additional expenditures implied by this motion, the additional cost would be $310 million.

If we wish to sum up the costs of the member's suggestions as far as they can be estimated we can say that the changes in

CPP and OAS benefits which he advocates could cost at least $7.7 billion extra in the first year after implementation. The annual amount to be expended would increase and not decrease in the long run. At the same time the alterations to our social and economic structures which are implicit in the motion might very well lessen our ability to pay the cost.

If time permitted it would certainly be worth-while reviewing the extent to which these programs have been improved in our lifetime, particularly in the last several years, but I shall not deal with that aspect, since I believe the facts are well known. I shall conclude by saying that, having regard to the progress which has been achieved and the concerns so often expressed about the necessity for restrained public expenditure, we might ask ourselves whether we ought really to be prepared to consider the enormous expenditure which is required to provide the increased benefit proposed in the motion. However laudable the motion of the hon. member who made this proposal, this is an aspect which cannot be ignored.

● (1752)

I realize there are other points which need to be brought out, but I wish to give an opportunity for some of my hon. friends, for example, the hon. member for Welland (Mr. Railton) and the hon. member for Algoma (Mr. Foster), to make their contributions.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, the motion before us calls for the pension to be payable at the age of 60 in the case of people not in the work force and for retirement at 65, pensioners to receive $300 a month. We have just heard from the Civil Service why they cannot go along with this proposal. It is unfortunate we cannot hear some of the Liberal members explain why they cannot support it.

The hon. member for Halton (Mr. Philbrook) says that if the motion were accepted taxes would have to be increased. We did not hear one word from him about the possibility of cutting out wasteful federal expenditure, such as spending money on unnecessary airports, spending $1 billion a year on consultants' fees to no purpose—I have the figures for 29 departments—or contracting out work to retired civil servants and others at a loss of $130 million a year. There are many such areas which could be reviewed. We might not be able to find all the money that is involved here, but there are a lot of places where we could find money for increasing pensions and lowering the retirement age.

We in the Conservative party proposed $200 at age 60 during the last federal election, and we knew where the money was coming from. I shall not be the one to talk out this bill. I hope the Liberal who talks it out will speak from the heart and not stand up to read a statement from some civil servant telling us why this motion cannot be accepted.

Mr. S. Victor Railton (Welland): Mr. Speaker, I was interested to hear the hon. member for Winnipeg South Centre (Mr. McKenzie) say that if the Conservatives were in power they would find the money—that they knew where it was coming from. That is a bold assertion, given the present state of the world economy. I doubt very much they would know where the money would come from, whether they were in power or not.

First I should like to congratulate the hon. member for Winnipeg North Centre (Mr. Knowles), who has always been a great advocate of increased pensions not only for senior citizens but for veterans and widows. I praise him for his efforts. However, somebody has to sit in final judgment and be responsible for taking decisions. It is all very well to talk about giving things away, but unless the money is there first, you cannot do it. I am a great believer in Utopia, or I used to be—I believe it to be an unlikely prospect, now. It would be nice to provide everyone with the same standard of living on retirement. But we have heard the remarks of the hon. member for Halton (Mr. Philbrook); I think he made it perfectly clear that much as we would like to do many of these things we are finding it financially impossible.

In the July issue of *International Realities* there is an article showing that the British government has just come through a crisis brought on by excessive rises in wages, heavy social security payments, and free health services. It was generally thought that high unemployment was due to all the taxation and the undue reduction of legitimate business profits. Canada and the United States have been following the U.K. downward slide because the number of jobs in the private sector has been decreasing while the number of employees in all areas of government at all levels has been steadily increasing. The number of people working at productive jobs is too small to provide for all the government employees, for government make-work programs, and for a generous social security system. In other words, we are faced with the need to reduce government expenditures and the ratio of government employees to those in the market place. We shall have to improve the profitability of the private sector in order to pay for even the measure of social security we presently enjoy.

Mr. Deputy Speaker: Order. The hour for the consideration of private members' business has now expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

POST OFFICE—REQUEST FOR ASSURANCE SURVEILLANCE OF MAIL NOT PERMITTED

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, one of the most impressive sights I have had the opportunity of observing in the question period took place on November 9 when I raised the question of the surveillance of mail by agencies of the federal government. We were given the specta-

cle of the Postmaster General (Mr. Blais) rising in his place and telling us there had been no interception of mail; he had talked the matter out with officials of his department and, as the protector of the mail of Canada, he could give an assurance, or, at any rate, leave the distinct impression that there had been no interceptions.

Well, to use a current expression, he was blown out of the water by his colleague, the Solicitor General (Mr. Fox), who acknowledged that the security service had in fact been involved in the opening and copying of the mail—information which has now been passed over to the McDonald Commission.

It appears that the Postmaster General has been very negligent in his duties to the extent that he had not asked his colleague in the same row whether or not any of the allegations which had appeared in the press and in national news reports had any substance.

● (1802)

The question was not whether someone within the Post Office was intercepting mail. It was an allegation that the security service under the aegis of the Solicitor General had in fact opened the mail and, in fact, had gone to the Post Office and intercepted mail. The Postmaster General stood up in his place and had to be told by the Solicitor General during the question period that this was the case.

I want to bring some basic facts about this whole matter to the attention of the House. First, there is no question about the fact that intercepting mail is illegal under Section 43. The Postmaster General understands that. He indicated that in the House.

We want to know the attitude of the government with regard to the interception and opening of the mail. Does the minister of a given department have any given obligation to know whether his officials are obeying the law? Apparently the Prime Minister (Mr. Trudeau) does not hold there is a responsibility upon ministers to inquire whether they are obeying the law within the department. He said on November 2, as reported at page 568 of *Hansard*:

> I am a little dubious of the context in which the hon. member says that the operations should be an open book—

That is referring to the minister responsible. Is he saying that in the case of the Solicitor General he should not have a detailed knowledge of what mechanisms are being used by people under his responsibility? Furthermore, the Official Secrets Act places upon the Solicitor General the responsibility of ensuring that the Security Services do in fact obey the law as it applies to surveillance.

Part IV.1 of the Criminal Code applies to any person who intercepts a communication without a warrant. Only the Solicitor General can issue a warrant for an intercept to take place. Under the provisions of Section 16(5) of the Official Secrets Act, which was referred to in the House today, the Solicitor General makes an annual report respecting occurrences of surveillance and intercepts employed. This can only be construed as parliament putting a clear obligation upon the Solicitor General to keep himself informed as to the method of surveillance used by the security force.

The predecessor to the Solicitor General was guilty of gross neglect in his fundamental ministerial responsibility. In three successive reports the present Minister of Consumer and Corporate Affairs (Mr. Allmand) neglected to mention the use of postal intercepts which, considering the frequency with which they were used, shows a complete failure to exercise his responsibility to determine what was taking place in his department.

Today the Solicitor General said in the House that his predecessor, the Minister of Consumer and Corporate Affairs, had authorized a postal intercept which, because of Section 43 of the Post Office Act, was illegal. It stretches credibility to the breaking point to believe that the Minister of Consumer and Corporate Affairs did not ask a question of his security service advisers, "Are you conducting mail intercepts at the present time?"

Even the Minister of Supply and Services (Mr. Goyer) stood up in the House to try and defend himself, although not very successfully. The present Minister of Consumer and Corporate Affairs does not have the guts to make a statement on motions with respect to his involvement or neglect in this area. He sits mute, and allows another minister to try to answer for him. I suggest he is without any fortitude at all if he does not come forward and state his case with respect to this matter.

The present Solicitor General is not fulfilling his function with respect to mail interceptions. To use the Prime Minister's now infamous words in the House, it is very suspicious that although the deputy director of the security service knew all about the mail intercepts over a year ago, the Solicitor General can contend that his officials did not mislead him nor did he mislead the House as to the degree of his ministerial knowledge or responsibility.

In June, 1977, the Solicitor General told the House that he had met with his officials who had told him that the APLQ break-in was an isolated incident. Now we are asked to believe that the officials he met to discuss the question of illegalities did not include the deputy director of the security service who knew of the mail intercepts. Not only that, but we are asked to believe that the director of the security service did not know of the interceptions even though his immediate subordinate did. How far does the arm of coincidence stretch? I suggest that it does not stretch far enough to cover all the ifs, perhaps, and wherefores of the Solicitor General and spokesmen for the government, including the Postmaster General.

● (1807)

I make one parting reference to the Minister of Supply and Services (Mr. Goyer) who was involved in all of this and who, you will recall, Mr. Speaker, promised to make the security services accountable to the government. He hired Mr. Starnes, a man who is now held out as scapegoat for the government's failure in the field of security. Mr. Starnes said on Friday that he would be very surprised if he had neglected to brief the present Minister of Supply and Services on the APLQ break-

in. Well, Mr. Speaker, we would not be surprised in view of all the circumstances and the way this matter has been handled by the government.

[*Translation*]

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, I was somewhat worried when I saw that the hon. member's remarks were aimed at me. He had seven minutes to talk about one point. Naturally he tried to touch all bases and consequently he scored no point at all.

If he were to refer to *Hansard*, the hon. member would see that the statements he has made are totally inaccurate. Mr. Speaker, I have never given the House any assurance that there had been no implications. I did indicate that I had made a preliminary investigation within my department and that, by so doing, I had made sure that so far, to the knowledge of the officials of my department, there had not been any co-operation with the RCMP.

[*English*]

I should like to indicate to the hon. gentleman that that particular information has indeed been corroborated by the information which has been provided by the Solicitor General (Mr. Fox). I have indicated to the hon. member's colleague, the hon. member for Brandon-Souris (Mr. Dinsdale), that if he has any evidence of collaboration or any instance of co-operation between postal authorities and members of the RCMP, then I would be pleased to receive it. I have also said, and indeed have so undertaken to the hon. gentleman and to the House, that I would pursue my investigations, and these are continuing now. It is my responsibility under Section 43 of the Post Office Act to ascertain that there has not been any illegal conduct by any postal official. This I have done and am continuously doing so. It is my responsibility to ascertain all the facts and to take such measures as are available to me under the Post Office Act.

The hon. member also knows that Section 48(3) permits me to conduct an inquiry. To date I have not commissioned such an inquiry because I am still conducting my preliminary investigation. On ascertaining the facts which are available to me, I will then decide whether such inquiry ought to be conducted.

There is another comment that the hon. gentleman made in connection with reports which were filed in this House by the Solicitor General. If he had paid any attention during question period today to the reply of the Solicitor General, he would know that there is no need at all to file any information relating to any interception except as required under the amendments to the Official Secrets Act dealing with communications. The Solicitor General said he had obtained a legal opinion from the Department of Justice to the effect that that would not include mail interceptions. There the matter lies.

The Solicitor General also said that although he had received information from the RCMP that there were mail interceptions, he did not know whether any postal officials were involved. Until such time as I am assured—

Mr. Deputy Speaker: Order, please. I regret that the three minutes allotted to the minister are well past.

● (1812)

EXTERNAL AFFAIRS—MEASURES TO AID EMPLOYEES AFFECTED BY CHANGE IN VALUE OF CANADIAN DOLLAR

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my message concerns the several thousands of Canadians who serve this country abroad on behalf of the Government of Canada and its various departments, and on behalf of the Armed Forces. Before getting into that message, perhaps I might be permitted to say that once a late show, always a late show. The fact that we have moved it up a couple of hours does not seem to have changed the numbers of people who are clamouring as they did when it was ten o'clock at night to get in to see what was going on, as compared to now when they are still clamouring.

The reason I brought us here at this hour, instead of later on, is due to the fact that the vagaries of inflation and the changing fortunes of the Canadian dollar have affected the lives of those who serve us abroad. Therefore on Wednesday, November 9, 1977, as reported at page 742 of *Hansard*, I asked the Secretary of State for External Affairs (Mr. Jamieson) what steps the government was taking to help Canadians serving abroad in the employment of Canada who are affected by the changes in the fortunes of the Canadian dollar. I think the parliamentary secretary has a recent reply. I will not use my seven minutes in pressing the question, and I hope he will have all the time in the world to spell forth the Canadian policy.

Aside from the Secretary of State for External Affairs, I could have posed that question to the Minister of Employment and Immigration (Mr. Cullen) because that department has officials abroad. In fact I could have asked that question of several other departments. I could have asked the Minister of Industry, Trade and Commerce (Mr. Horner), but I would be afraid that gentleman would offer us what he did to a learned gathering in Toronto a while back. He said that he had no pancreas for the problems at the moment. When the minister said that, it left so many people on the floor trying to stop laughing and attempting to get up that I assume it would be useless to ask a similar question of him in this particular Chamber.

In any event, I could have turned to the Minister of Employment and Immigration or the Secretary of State for External Affairs, because they have some milk of human kindness flowing in their veins. Whenever the dollar plunges, the Minister of Industry, Trade and Commerce thinks that this is one of the better things that has happened to Canada. When we go bust, I imagine he will write something which will make Milton, Dante and a few other authors turn over in their graves and admire him.

Be that as it may, I am asking specifically about the fate of those who work abroad for Canada, whether they be in the Armed Forces, External Affairs, Industry, Trade and Commerce, Manpower and Immigration or any other body, and

who are affected by the changing fortunes of the Canadian dollar. Particularly I am thinking of the cases in Washington where the change of the Canadian dollar in relation to the American dollar has created problems. People have written me about that particular situation. When the parliamentary secretary replies, I hope he will be able to spell out, not only the general problem, but specifically what is being done for the people in Washington affected by the late happenings.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I shall attempt to give some explanation as to the policy of the government in regard to these problems.

In recognition that the costs of goods and services vary between Ottawa and those places where career public servants are working abroad, a part of the employee's income is adjusted when he is overseas to provide him with purchasing power comparable to that which he would have had in Ottawa. This adjustment ensures that the employee is protected in countries where costs are greater than Ottawa, without giving him windfall gains in places where his cost of living is lower than found at home. This price differential between posts and Ottawa is computed and expressed numerically by Statistics Canada, and is called the "Post Index". It represents the retail price relationship of a sample range of consumer goods and services at a location overseas with the prices of a similar range of goods and services in Ottawa.

● (1817)

The Post Index encompasses price comparisons for such consumer expenditures categories as food consumed in the home, meals taken in restaurants, household supplies and maintenance, communications, transportation, health and personal care and clothing, some 225 priceable items being included. Shelter, fuel and utilities and education expenses are excluded from the comparison because separate provisions provide reimbursement for any such excess costs while abroad. Since Canadian public servants pay full Canadian rates of income tax regardless of their place of duty, income tax differentials are excluded.

The Post Index is one part of a system of emoluments and conditions of employment abroad called the "Foreign Service Directives". The mandate to adjust the index is given to Statistics Canada by the various foreign service departments and staff associations acting within the forum of the National Joint Council.

The Post Index is established by carrying out a full-scale retail price and cost of living survey at the location overseas. These surveys are repeated regularly at least every 30 months, and often more frequently if there are sudden changes and the post concerned requests a review. As well, Statistics Canada representatives conduct on the spot visits to judge the price and market supply situation. In between, the Post Index is subject to a monthly review to assess its continuing validity in the light of average monthly exchange rate movements, Ottawa price movements and information on post price movements gathered from as many sources as possible. From January to the end of October this year there have been 223 index recommendations: 191 increases, and 32 decreases. At the end of October 48 upward revisions were made, largely because of the weakening of the Canadian dollar.

Washington's post index of 110 dates back to April, 1977, when it was raised from 105. As Ottawa price levels are always expressed as 100, this means that prices in Washington are presently estimated to be 10 per cent above prices in Ottawa. While the Washington index was closely monitored during October, the comparative difference with Ottawa did not warrant an increase to the higher level of 115 because the Canadian dollar's reduced value was partially offset by a lower inflation rate in the U.S.A. In the month of November Washington's index, along with all other post indices, will be closely monitored by Statistics Canada which will make a recommendation for change, should such be warranted.

That is the way these problems are monitored, surveyed, followed, and eliminated.

FINANCE—REQUEST FOR ESTIMATE OF LEVEL OF UNEMPLOYMENT NEXT YEAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the debate this evening arises from a question I put to the Minister of Finance (Mr. Chrétien) on November 7, at which time I asked him what I thought was a very simple question. I asked him to inform the House what level of unemployment he anticipates for the next year in Canada. I am sorry the minister is not here tonight to join in this debate because I feel that one of the most significant deficiencies of the government has been its tendency not to want to indicate what it plans for this nation not only with respect to unemployment but also with respect to many other things.

The OECD has virtually insisted that member states start setting out quotas, and not just for the next year. The OECD wants member states to set out clearly their targets for unemployment and other related matters for the next year, three years, and five years. This government has consistently refused to do so. It is particularly unfortunate that the government will not set out these goals. It systematically attempts to cloud the issues.

Every time certain negative points are raised with respect to Canada's economic activity the government hastens to say it is as a result of some factor beyond its control. Hon. members will recall that at one time the climate was the favourite excuse of the government. At another time I believe it was the poor crop of anchovies off the coast of South America. At another time the government claimed it was the oil embargo; that somehow the OPEC states caused our trouble, totally forgetting that we were an energy sufficient country.

I notice that the current Minister of Finance chooses to reverse things a little and is saying that somehow the situation in Quebec is causing the economic problems of this country. Presumably what he hopes is that the Canadian public will take their eye off this government in the earnest hope that the government will not be called to account.

● (1822)

I have referred to this Quebec decoy because around noon yesterday, when speaking in Quebec City, the Minister of Finance spent most of his time trying to point out that economic conditions in Quebec were basically due to this question of separatism and that, somehow or other, the federal government should not be called to task. In effect he was trying to indicate that if there is a slow transportation problem at the present time we should not look to him with respect to the train wreck—they created the train wreck but, somehow or other, the minister thinks that is a convenient excuse to take people's minds from the real hard fact that it is the government's economic policies that got us into trouble in the first place.

Yesterday the Minister of Finance stated that we cannot let the question of national unity hang unanswered without serious economic consequences that will persist and mount. I challenge that, Mr. Speaker. For the last seven years, at least, the government has been told by reputable economic forecasters that there is a problem in this country which will be heightened if action is not taken.

For example, in September, 1970, the report of the Economic Council of Canada stated as follows:

> Unemployment has risen rapidly in 1970 to about 6½ per cent by mid-year, from the already relatively high average level of close to 5 per cent in the two preceding years.

It also stated:

> We regard recent and current rates of unemployment as unacceptably high. Canada probably now has the highest rate of unemployment among the more industrially advanced nations, even after allowance for the differences in the bases for unemployment estimates. The current rate is about double the medium-term target for Canada suggested in our Sixth Annual Review.

In its conclusions appears the following:

> A major concern of this report is that the Canadian economy has fallen significantly below its potential.

They take a paragraph to point out that if the economy is not restored to its potential—something over a 5 per cent growth rate—unemployment will grow. The fact is, this government has failed in those very crucial seven years which have elapsed since September, 1970. In September, 1970, inflation was 2.8 per cent, and even then the Economic Council said it was unduly high. In September this year it was 8.4 per cent. Unemployment was 6 per cent in September, 1970, while in September this year it was 8.3 per cent. We actually had a cash trade surplus as far as our current account was concerned in trade in 1970 of $1.1 billion, and this year it is estimated at about $5.3 billion.

It is time the government gave us the targets it is shooting for. It is time it took some action to relieve the unemployment situation that has become so chronic and, I would suggest, is helping to trigger separatist feelings in Quebec. It has not taken those steps so far, Mr. Speaker. To that end I would point out once again that in their most recent report issued last month the Economic Council of Canada said:

> If our projections are correct, the extra $150-million federal winter works projects and the new $100-million employment credit program—two measures announced by the Minister of Finance in October—will not be sufficient to bring about the reduction in either youth or adult unemployment that is needed. Additional measures, at both levels of government, are likely to be necessary in both 1978 and 1979.

The question that faces us this evening is just that. What measures does the government propose over and above anything that has been suggested to date? What, in fact, does it see for the unemployment level in 1978? It is time we had those answers. I am disappointed that the Minister of Finance is not here tonight to give us his version of what he sees for unemployment in this country next year.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, in the first place, contrary to what the hon. member states, the OECD does not request that member countries specify a certain unemployment rate target. Our target for unemployment is quite clear. It is the reduction of the unemployment rate to a level at which anyone who really wants to work will be able to do so.

● (1827)

The hon. member said the minister had placed most of the blame for unemployment on the uncertainty of the political climate in Quebec. Though I am sure that while most hon. members will agree that this is an important factor, the minister enunciated a number of other important factors in the unemployment situation. In a statement made to the House of Commons on October 20, the Minister of Finance (Mr. Chrétien) pledged himself to doing whatever could reasonably be done to ensure that everyone who really wants to work can find a job. He also agreed that the current unemployment rate of 8.3 per cent is too high. But everyone must realize that there are simply no quick and easy answers to the solving of our unemployment problem.

Mr. Stevens: You have had ten years!

Mr. Lumley: In his use of selective statistics the hon. member consistently draws attention to all the negative aspects. He has forgotten that Canada has one of the finest records of any of the industrialized nations of the world. For example, I refer to job creation. This government has created twice as many jobs as the second leading nation.

Mr. Stevens: We are talking about unemployment.

Mr. Lumley: The hon. member persists in concentrating on the negative aspects. He will not acknowledge the positive achievements.

Given the uncertainty of the future, it should be clear it is not reasonable to forecast any precise numerical value of the unemployment rate. There are too many unknowns. The economy is large and complex, with the final outcome depending upon all our actions, as well as upon those taken by our trading partners and others. For its part, the government believes it has gone to the limits of its financial resources in order to do as much as it can toward creating an economic environment where it will be possible to achieve some improvement in our present unemployment situation over the course of

next year. However, the attainment of its goal depends not only on the government but on the co-operative hard work of all Canadians.

Motion withdrawn.

Mr. Deputy Speaker: I do now leave the chair until eight o'clock tonight.

At 6.30 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

INCOME TAX

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, at five o'clock I was talking about the endeavours of the government to stimulate the economy by subsidizing huge corporations. I made the point that several large companies in Canada had received hundreds of millions of dollars from the government over the past few years, including millions of dollars in what is called the mini-budget of the Minister of Finance (Mr. Chrétien) a couple of weeks ago in this House. I pointed out how that had failed.

Despite all the so-called stimulation of the economy, we have the highest rate of unemployment in the industrialized world. That unemployment rate has not just been with us for the past year or two but for the past 15 or 20 years.

I suggested that instead of stimulating the wealthy in our economy, the large corporations such as INCO, the government should give a substantial tax cut to the low and middle income people. I notice that the Economic Council of Canada, a very reputable group, and others have been suggesting the same thing in terms of stimulating the economy.

If we did that, it would stimulate demand. People would buy more of the necessities of life. That demand would in turn stimulate the industries of this country to produce more, fulfilling that unused capacity in our economy.

Something else that concerns me is the whole farm economy and what is now happening in western Canada. If you look at the farm income statistics, you find that in almost all areas of the country farm incomes, both gross and net, have dropped over the past few years. The price of a bushel of wheat has

gone away down this year over what it was a couple of years ago. The immediate prospects for the price of grain in this country, despite a pretty good selling effort for the most part by the Canadian Wheat Board to sell grain abroad, leave a great number of things to be done on the agricultural front.

Many members, particularly from urban Canada, say this affects only the rural economy and will not do much in terms of providing jobs. I remind hon. members that the farm industry employs a lot of people. It could employ a lot more if we produced more of our own food in Canada and processed and packaged that food at home.

One need only look at the statistics for the past few years to see that Canada is rapidly becoming an importer of more and more food products. Last year, if one were to take away grain and oilseeds, we have a net deficit in this country of about 1.5 million. If this continues, projected through the year 2000 as the Science Council has done, even with grain and oilseeds Canada will become a net importer of food. That is tragic for a country with the vast acreage we have and our relatively small population.

One of the government's priorities should be to ensure that we become self-sufficient in food production. In addition to producing enough food to feed ourselves, we should be able to make a good contribution to foreign aid.

There are many food products in which we were at one time self-sufficient, but no longer. That type of situation must cease. If we had self-sufficiency, not only would more people be employed in farming but more people would be employed in southern Ontario in the fruit industry in terms of packaging, processing, transporting, and selling the fruit.

Something has to be done about the price of wheat. About four years ago the government set the floor price for wheat sold domestically at $3.25 a bushel. That price has not been adjusted in the past four years despite the fact that production costs and the cost of living have gone up very rapidly. The minister in charge of the Canadian Wheat Board, and the Minister of Agriculture (Mr. Whelan) said recently that the cabinet is considering an upward revision in the price of domestic wheat.

I suggest that the price of domestic wheat should be around $5 a bushel. That would enable the farmer to meet his ends. It now costs over $3 a bushel to produce wheat. Some estimates are as high as $3.86 a bushel. Grain today is selling at around $2.50 a bushel. At least the grains sold in Canada should be priced at $5 a bushel. That would be of some help to the farmer.

When we talk about farm income, we should consider the need to ensure that orderly marketing is supported to the fullest possible extent right across Canada for all farm commodities. If commodities are put on the open market, the farmer is not guaranteed a price for the commodity he is selling.

One trend now developing across the country which I find worrisome is that more and more organizations are attacking orderly marketing. The Cattleman's Association does not want

a marketing board. Cargill Grain is trying to take away some of the power and authority of the Canadian Wheat Board.

In 1974 the minister in charge of the Wheat Board took the marketing of feed grains for domestic purposes out of the authority of the Canadian Wheat Board. Recently, and this made me very angry because he is a westerner, the Leader of the Opposition (Mr. Clark) suggested at a meeting in Manitoba that perhaps the Wheat Board needs some competition in the selling of grain.

I have before me a copy of an article written by a very reputable journalist, Fred Harrison, in the Regina *Leader-Post* of October 19. He quoted the Leader of the Opposition, who spoke in Manitoba. He wrote, and I quote:

The meeting was in Morden, not far from Elm Creek, site of a controversial new high-throughput grain elevator built by the Cargill Grain Co. Ltd. Many farmers in the area are sufficiently impressed by the Cargill operation that they believe competition is needed in the selling, not just the storage, of grain.

● (2012)

Murta—

That is the hon. member for Lisgar.

—was accompanying Clark on the trip.

It continued:

The *Valley Leader*, a weekly newspaper based in Carman, reported August 24 that Clark had said a Conservative government would seek "expansion of the Wheat Board's selling efforts, but permission (would be) given to private organizations to sell grain in competition with the Wheat Board".

So we have the Leader of the Opposition saying in Manitoba that if a Conservative government is elected, permission would be given private organizations to sell grain in competition with the Canadian Wheat Board. Even the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) shakes his head in disgust that the leader of his own party would suggest that the Cargill Grain Company should be allowed to sell wheat in competition with the Canadian Wheat Board.

Mr. Hnatyshyn: On a point of order, Mr. Speaker—

The Acting Speaker (Mr. Turner): Order. The hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) is rising on a point of order.

Mr. Hnatyshyn: Mr. Speaker, I am normally a very quiet member and do not like interjecting with points of order, but the hon. member for Yorkton-Melville said I was shaking my head in disgust. I just want to place on record that shaking my head had nothing to do at all with his own specious argument; rather it was directed toward him.

The Acting Speaker (Mr. Turner): Order. I suggest to the hon. member for Saskatoon-Biggar that that is not a point of order but a point of dispute.

Mr. Nystrom: I suppose the truth hurts, Mr. Speaker. It appears that the hon. member for Saskatoon-Biggar does not believe the Saskatoon *Star-Phoenix* or the Manitoba *Valley Leader*. Perhaps I should quote another weekly Manitoba newspaper, the Pembina *Times* which is based in Morden. According to that newspaper the Leader of the Opposition had this to say:

—Conservatives favour supplementing the selling activities of the Board by allowing Canadian grain trading companies to enter into the international market to improve our grain sales.

It is not I who says these things, Mr. Speaker; I am just reading my prairie newspapers like all good prairie members should; but when one sees the Leader of the Opposition quoted in newspapers, I tend to believe them, especially when I see two or three quotations. I know the hon. member for Grenville-Carleton (Mr. Baker) and other members do as well. However, the press did not simply interview the Leader of the Opposition but other members too. For example:

Frank Hamilton, Conservative MP for Swift Current-Maple Creek and PC wheat board critic, registered surprise over Clark's statement.

Another quotation:

Alvin Hamilton, MP for Qu'Appelle-Moose Mountain and a former agriculture minister, was equally surprised.

The Leader of the Opposition is a very important person. It is only fair that western farmers and the people of western Canada in general know where he stands with the Wheat Board, since the Wheat Board is so important to development of the west and to the financial integrity of the farmers. Again I see the hon. member for Saskatoon-Biggar nodding his head in agreement with me that it is important that people of the west know where the Leader of the Opposition stands. He does not stand behind the Wheat Board at all. I think it is very important to let the people know that.

We are discussing today a tax bill and talking about the economy. One thing which is imperative in a strong economy is a strong farm economy. To have a strong farm economy we need a strong Wheat Board and orderly marketing, which means as much support as possible for the Wheat Board. Our party clearly stands behind the Wheat Board and orderly marketing.

There are a number of other matters which one can mention in a debate of this sort, but the most important of all is that we believe the Government of Canada should have a planned economy. We want to allocate the resources which we have in a planned way for the benefit of people, not necessarily for the benefit of large corporations and profits. We must process more of our raw materials. We are importing more manufactured goods on a per capita basis than any other industrialized country, and this is one reason why we have so much unemployment in Canada today. If we started to process goods and materials, to build our own fridges, stoves, and deep freezes and so on, we would create many more jobs in Canada for our people. This is something the government could do, along with revising the tax system so there is fair taxation for everyone.

If the government does not start to take action of this sort, we will continue to have high unemployment, very high inflation, and regional inequities. But instead of going in the direction I suggest, the government talks of going in the other direction.

Today in the House a Liberal backbencher from northern Ontario pleaded with the government not to abolish the

Department of Regional Economic Expansion. There are rumours in the press that the government is considering the possibility of abolishing DREE, a department which was established in 1968 in order to try to rectify some of the basic inequities which we have in Canada. The government is talking about the possibility of disbanding FIRA, the Foreign Investment Review Agency, since it may be scaring off foreign investment.

These two bodies were set up to provide some kind of positive direction for this country, but even these timid steps are an embarrassment to the cabinet and to many MPs opposite. Instead of abolishing them, the government should have the courage to tackle the economic problems facing Canada today, and to do things for ordinary people, not for large corporations such as INCO, Imperial Oil, the big money men, and other companies that are controlled and owned outside Canada.

Mr. Gordon Towers (Red Deer): Mr. Speaker, it is not my purpose to protect the government from what might be said by the hon. member for Yorkton-Melville (Mr. Nystrom), but I should like to elaborate for a moment on the statement he made that money should not be going into business but should be used for labour. Perhaps the best example I can give of putting money into business would be if the Farm Credit Corporation lent a farmer $45,000 to buy a combine. If he wanted to use labour instead he would probably have to employ about 500 people. I suppose that is what the hon. member for Yorkton-Melville was talking about.

If you assume that it would cost in the vicinity of $10,000 to $10,500 a year to operate that combine, if you divide that sum by 500 people with a flail to do the same work this would give about $21 per person for a season's work. About 75 years ago that is what was happening in this country, so perhaps the hon. member for Yorkton-Melville should bring himself up to date and, instead of talking about the Leader of the Opposition (Mr. Clark) so much, put his own position in perspective.

With regard to the comments made today by the President of the Treasury Board (Mr. Andras), there is not doubt he was comparing apples with oranges. He stated that there would be approximately an 8 per cent increase in expenditure this year, but he did not say that he was using estimates and expenditures. He was not going from estimate to estimate from one fiscal year to the next. It is a trifle misleading for the minister to use this figure of 8 per cent, when it runs close to 10 per cent in actual fact.

● (2022)

Also the minister stated that it was not his purpose to obscure and patch over the government's weakness, yet it was quite evident that he was not prepared to give a balanced view of what the government was doing at the present time. In fact, it was a very, very foxy presentation which he made today.

He had to admit that the over-all growth of Canada is down, because there is no way around it, even though he said that there was a pessimistic view being promoted by people throughout Canada today. Also he indicated that it was on page one of newspapers and on the 11 o'clock news. I do not think the minister is being exactly fair when he makes comments like that and does not tell the exact truth. He did not tell us that approximately ten years ago the federal government was borrowing from pension funds in Canada approximately $500 million. This year, 1977-78, the government will probably borrow in the area of $1.8 billion or $2 billion from pension funds. If this were treated as a debt, that is, the figures the minister was presenting to the House of Commons, then it would be more realisitic and it would not be so misleading. This is why I said his presentation today was foxy.

In the last five years the federal government has borrowed from pension funds approximately $7.5 billion. This is just a paper figure. The same thing is happening with the money which is going into the grain stabilization fund. The government should be putting in there $2 for every dollar that the producer is putting in, and it is not doing that. It is just treating that as a paper figure. It will calculate the interest. It will be there. I am not saying the government will try to beat either the farmers or those who have paid into the pension fund, but we have to recognize this is happening. Somewhere down the road there will be a day of reckoning and the government of the day will have to come up with the financing. I am referring to that which the government is obligated to pay out of those funds.

The minister stated today that there is a comparative expenditure related to what it would have been ten years ago in relation to the gross national product. The significant thing the minister missed was the fact that the over-all debt today is accelerating at a greater rate than it ever has in Canadian history.

Last year the government borrowed approximately $19 for every $100 it spent. This year the government borrows $23 of every $100 it spends. When you consider the government in the last ten years has doubled the Canadian debt, the debt which was accumulated over the first 100 years, then certainly we have to consider the direction in which we are going.

The minister also referred to his inability to go to businesses and unions and tell them how to correct the problem. I realize he cannot do that, because the government should be setting a proper example. There is no way unions or businesses will co-operate with the government until such time as the government sets an example. Certainly a 10 per cent increase is not setting a proper example of the manner in which inflation can be controlled. He also indicated that we were psyching ourselves into a depression. I must impress upon this House that there is a tremendous difference between psyching ourselves into a depression and facing up to the facts. This is one of the things the government has failed to do, and thus it is misleading Canadians.

This afternoon in the House there were motions made by the hon. member for Calgary North (Mr. Woolliams) and the hon. member for Lethbridge (Mr. Hurlburt). I would identify myself with both of those, because we come from RCMP country and all recognize that the force is held in high regard

in most parts of Canada. We recognize the tremendous contribution the members of the force have given, which forms the roots of the very foundation of justice and security in our Canadian heritage.

We cannot divorce ourselves from what is happening in Canada today. We are debating a bill which is a glaring example of a government out of control, a government which never knew or has forgotten the meaning of the word "restraint". The 1978 spending forecast of $45.1 billion is rising to approximately $46.5 billion with the tabling of supplementary estimates. The 1978 authorized spending to date is 10.3 per cent over the total of last year, or 3 per cent higher than the 7.1 per cent forecast by the President of the Treasury Board. We must remember that we still have five months to go to the end of the fiscal year. If that is restraint, what would the government do in the period without any promise? How can the minister request any Canadian to restrain his or her spending when proper leadership is not given?

An excellent example of how the government can cut costs without depriving Canadians of important services would be the disbanding of the security and analysis group of civilians, political appointments of the Prime Minister (Mr. Trudeau). Canadians would like to know why such a branch was established when the RCMP always carried out those important tasks without interference from the outside. The cost of that group runs approximately $500,000. People in this country want to know what are the rules and regulations of that civilian group. I am sure the RCMP would appreciate being informed of that group's mandate, as well as its duties and responsibilities. The group consists of approximately 200 employees, employees duplicating the services of the RCMP. What amount would be saved by the removal of that branch within the Department of the Solicitor General if it is not $500,000?

The main culprit in today's inflation and the resultant necessity of borrowing an additional $9 billion, as provided in this legislation, is the government itself. Perhaps the best example of bungling funds and administration is the situation in which the government has placed the RCMP. The government created this mess. Time and time again the Prime Minister was warned of the grave danger of using a police force for political gain. Now that admirable and dedicated force is expected to shoulder the blame for orders issued by a civilian director general of security within that force, another personal appointee of the Prime Minister. Who pays the salary of this person and those under him? None other than the Canadian taxpayer.

While the Prime Minister seeks to give the impression that he is the only saviour of unity in this country, never has an individual done so much to destroy unity under the guise of a great protector. Many taxpayers are of the opinion that he is even using our national police force as a guinea pig.

There is no better way to undermine confidence and strength than to place an outsider in charge of a sensitive arm of the service, that of security. To add to the dilemma, instead of reporting directly to the RCMP Commissioner, that civilian appointee of the Prime Minister reports to the Prime Minister without the necessity of first communicating with the Commissioner. Let us not stop there. The politically appointed security and analysis group communicates to the Clerk of the Privy Council, who also happens to be chairman of the interdepartmental committee on security and intelligence.

• (2032)

Mr. Lumley: Mr. Speaker, I rise on a point of order. We are discussing Bill C-11, a tax bill; we are not discussing the security force of the RCMP.

Mr. Baker (Grenville-Carleton): We are talking about the expenditure of money.

The Acting Speaker (Mr. Turner): I was listening very carefully. The hon. member was coming back to the expenditure of money, so I will continue to listen, and if he strays off the path again, I will warn him.

Mr. Hnatyshyn: Let Mr. Speaker do his job.

Mr. Towers: Thank you, Mr. Speaker. I can certainly understand that a government which cannot control its expenditures cannot stoop to the lowest aspect of dealing with individual expenditures. I was dealing with the politically appointed security and analysis group. I was trying to explain, for the benefit of the hon. member, that this group costs approximately $500,000, and I am sure that there are a great many Canadians who would appreciate it if their income taxes could be reduced accordingly. I pointed out that the politically appointed security and analysis group communicates to the Clerk of the Privy Council, who also happens to be chairman of the interdepartmental committee on security and intelligence, and whose superior is none other than the Prime Minister who is also chairman of the cabinet committee on security and intelligence. One cannot help but note how cozy is that arrangement.

Who pays for all this? The Canadian taxpayer. Perhaps that answers the question for the hon. gentleman. How would any of us, as representatives of constituencies at the federal level, like to have someone appointed by the government of the day to investigate and do research in our areas and residences, and then submit the findings to the Prime Minister and not to us? Could we operate under that kind of manoeuvring? How can we expect the RCMP to perform vital and dangerous operations with a non-force group duplicating its services and authorizing orders unknown to the RCMP Commissioner?

I feel very sad indeed that officers and members of the RCMP are now being personally investigated, and perhaps even jailed for misdemeanours carried out under orders allegedly given by a civilian director general of its security services. While we do not know that to be factual until a complete investigation has been completed, our national police force is experiencing frustration, humiliation, and accusation, due to instructions which have been given by senior personnel.

We all know that anyone who has unlimited funds reaches a point when he spends for the joy of spending, eventually

squandering without reason simply because he can always go back to the bottomless purse supplied by taxpayers. Would a head of a government be able to set up a group of employees comprising 200, more or less, if he had restricted funds? What has the establishment of the civilian group within the Solicitor General's department to do with the Solicitor General as minister responsible for that portfolio? Did he know such a group was being appointed, and did he sanction that action?

Since the RCMP director general of security and the branch within his department both report directly to the Prime Minister, is it fair to ask the Solicitor General to shoulder the responsibility for his position? Not only has the Prime Minister undermined the operations of the RCMP, but I think the authority of his Solicitor General has also been degraded and left in question. Certainly the funding of the Department of the Solicitor General is considerable, and it all falls on the Canadian taxpayer.

The RCMP Commissioner, who supposedly is responsible for the police force under his guidance, reports to the Solicitor General, and rightly so. Why then should the director general of security within that force be able to bypass the Commissioner, and thereby the Solicitor General, and communicate directly to the Prime Minister? What type of co-operation is this? It seems to be the same type of co-operation the government is giving to business and labour. It seems that most Canadians now know what the 1968 "just society" meant: a country dictated to and run into the ground by a one-man show.

There is no possible way that the RCMP Commissioner should be answerable for acts, illegal or otherwise, performed by members of his force who are under orders of a director general of security operating outside his jurisdiction. We will continue to have chaos within the RCMP and in this country until the Commissioner is the only person who can be held responsible—

Mr. Blais: Mr. Speaker, I rise on a point of order. The hon. member for Stormont-Dundas (Mr. Lumley) indicated that the hon. member for Red Deer (Mr. Towers) was not at all addressing himself to the bill at issue, and evidently he is continuing to deal with matters which are completely irrelevant to this bill. He ought to be called to order.

Mr. Woolliams: Mr. Speaker, I would like to speak on the point of order. I think the hon. member for Red Deer (Mr. Towers) is right on, because this government has been using the police force to obtain files surreptitiously, and those files have been obtained illegally by the RCMP.

Mr. Lumley: What has that got to do with the tax bill?

The Acting Speaker (Mr. Turner): I suggest that the hon. member does stray off the path every once in a while, and I suggest that he come back to the terms of Bill C-11.

Mr. Blais: Mr. Speaker, I rise on a new point of order on the basis of what has been advanced by the hon. member for Calgary North (Mr. Woolliams). I might indicate to him that he ought to refer to Mr. Speaker's ruling of this day relating to unfounded allegations.

Mr. Woolliams: Are we going to be babies?

Mr. Towers: Mr. Speaker, I recognize that this is a sore spot with the government, but the only way to heal a sore spot is to have it cleansed, and that is exactly what I wish the Postmaster General (Mr. Blais) would recognize I am doing. Certainly there are enough problems in the Post Office—

The Acting Speaker (Mr. Turner): Order, please. I suggest the hon. member get back to Bill C-11.

Some hon. Members: Hear, hear!

Mr. Towers: Thank you, Mr. Speaker.

While on the subject of unnecessary spending and flagrant disregard by this government for taxpayers' dollars and their rights, I must impress upon this House the fact that the inquiries which are taking place throughout Canada cost taxpayers one way or another. On top of that—

An hon. Member: He is back on the topic now.

Mr. Towers: —the security of this country at the present time is in jeopardy. What guarantee do Canadians have that Michael Pitfield, for instance, is qualified to be chairman of the interdepartmental committee on security and intelligence? I presume he is being paid, and that his salary is paid by the taxpayers of Canada. Is he better suited to wield almost unlimited authority than a seasoned and capable officer with the RCMP or at least a person on the staff of the Department of the Solicitor General?

Where does political interference cease and common sense begin? What better way to destroy our wonderful country than to demoralize its national police force and ruin its economy, at the same time—

The Acting Speaker (Mr. Turner): Order, please. I suggest the hon. member get back to the terms of Bill C-11.

Mr. Hnatyshyn: Value for our money, sir.

An hon. Member: Who wrote that lousy speech anyhow?

Mr. Towers: We cannot separate ourselves from security and its cost to the Canadian taxpayer.

We have had four years of inflation in excess of 7 per cent. Many of us here can remember that we were told by economists that we could not live with inflation beyond 4 per cent. We have had an unemployment rate of over 7 per cent for the last three years, and unemployment is causing many problems for the RCMP. We must also consider that we have had four years of economic growth below 5 per cent, and three years of trade deficits of over $4 billion. It will probably be $5 billion this year. Somebody has to pay the piper, yet the government apparently is not prepared to wake up to exactly what is happening. I know the truth hurts. We have to recognize that in five years the federal deficit has increased each year. For

ten years we have had the fastest growing national debt in Canada's history, even including the period of two major world conflicts.

● (2042)

When the President of the Treasury Board spoke about taxation today, he did not mention that there will have to be an increase in revenue this year for the funding of our international debt due to the devaluation of the dollar. When it is considered that this will be in the sum of half a billion dollars, then it is time that somebody faced the facts.

I am glad to see the Minister of Finance (Mr. Chrétien) in the House, Mr. Speaker. I am sure he is aware of all the problems Canada is facing today because business confidence is being destroyed. Priming the pump does not put more water in the well.

There are many issues the government should face up to. Canada is in a very, very serious economic condition at the present time. I hope the government will accept some of the opinions expressed on this side. Canadians have been reprimanded for living too high on the hog, and I do not have to tell the House who said that. They have been instructed several times to tighten their belts. These same people are forced to witness their country speeding down the road to economic disaster, with its well-being and security undermined by a government which only exercises control where it can do the most harm—by manipulating the regular and vital actions of the RCMP and by creating unexplained and unnecessary ways to squander their taxes.

In my opinion, Mr. Speaker, the Prime Minister has muddied the waters of law enforcement through his personal appointments at incalculable cost, financially and on the security front. I believe, in the best interests of the security force and of Canadians generally, that the Prime Minister should revoke all these appointments he made within the RCMP security and analysis branch, excluding the present Commissioner, and give sole jurisdiction for control, management, appointments and advancement of that force to the Commissioner. This should cut down on the cost of operation.

The Commissioner should be responsible only to the Solicitor General as head of that department, with parliament setting out guidelines on the "rules of the game" within that force. The government has been lax in not giving the RCMP adequate protection and guidelines that could be provided by legislation so that members of the force would not be subjected to criticism, investigation or innuendo in the performance of one of its main duties, the protection of the security of this country and the maintenance of the rights of Canadian citizens.

Mr. Speaker, I am 100 per cent behind the RCMP. Every Canadian has known that force to be dedicated and loyal for almost 100 years.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, it is very amusing to see hon. members from the opposition parties make a lot of criticism against the government while not being able to put forward any valuable suggestions. Mr. Speaker, because of its past, particularly its recent past, Canada is a very rich country. Canada could benefit from tremendous natural resources as it continues to do. Canada could rely on its subsoil and its food products without having to face real competition from foreign countries. However, some time ago there was a change which is not particular to Canada but which is worldwide, namely the emergence of Third World countries among the productive countries. Let us just look at the mines which made Canada an exporter of natural resources, and which are now forced to face foreign competition. This abundance of natural resources must be used much better, and with different means, if it is going to go on supporting our balance as a country. Of course, Mr. Speaker, in a country such as ours, labour costs more than in some countries of the Third World. Taking into account the present situation, we will therefore, over the long term, have to consider a policy for the complete transformation of our industrial organization in Canada.

As a Quebecer, I am that much more concerned about the matter, because we find in our province the traditional industries; neither the provincial nor federal government willed that we find in Quebec mainly the shoe and textile industries, and others, we call soft. Mr. Speaker, I think of the St. Lawrence River going through Quebec before reaching Ontario; Canada developed historically first of all in Lower Canada, the Quebec of today; in that area we find the first industries ever built up in Canada and consequently those that run up against the most difficulties today.

Mr. Speaker, on the other hand, we have had the good luck of benefitting from a country that is vast and has enormous potential. We need but think of the field of energy; contrary to almost all other industrialized countries in the world, we can enjoy so many things. And time is on our side because we have enormous natural resources. On the other hand, we, in the east, depend on the west for energy supplies: but because we will have construction of the pipeline, exploration projects and, naturally, the building of the infrastructure needed to develop the resources of western Canada, we, of the federal government, will have to see to it that eastern regions can benefit from those developments and thus be assured of some economic fall-out.

Mr. Speaker, let us examine the economic structure of Canada. I believe we should recognize the fact that the western provinces can no longer be considered as a means of supplying the rest of the country with food or energy products. We must accept the aspirations of western Canadians to industrialize. I believe this is legitimate and normal. Moreover, because of the enormous projects that this will require in that part of the country, we shall have a unique opportunity to change the economic structure of Quebec, the Maritime provinces, and partly of Ontario.

Mr. Speaker, even though in its textile policy our government has confirmed without a shadow of a doubt that it wants to save and maintain the employment level in the textile sector, we should honestly ask ourselves if Canada will have to maintain 200,000 jobs in the Canadian textile sector until the year 2000. Should we not ask ourselves how we could on the long term, when the situation allows it and if there is such a need in the future, orient part of the manpower now employed in the textile sector towards other sectors where we are more competitive on an international level and at the same time orient not only our human resources, but our capital resources—our investments and equipment—towards more productive sectors. In my opinion, these issues should not be the subject of petty politics and we should instead meet with the trade unions and the heads of businesses to study how in the long term and through re-orientation we can direct our workers to sectors where they will also be better paid.

Mr. Speaker, the former Minister of Industry, Trade and Commerce (Mr. Chrétien), who is now Minister of Finance, has taken a step in that direction. Moreover, the Department of Industry, Trade and Commerce is now making a detailed analysis of each industrial sector in Canada to determine the competitive position of our industrial sectors compared with identical sectors in other countries and to identify the strong areas where we could concentrate our manpower and our capital and where Canada has certain technological advantages.

Mr. Speaker, I think that in the long run this is the kind of question that has to be asked. When we see a plant closing down, we can of course look for all the past causes. There are many and I think the opposition should be able to list more of them than they did in the past, but one must wonder how each of these industrial sectors can manage to be competitive and if it cannot be, we must have the honesty to consider the situation and find out where we should direct our manpower.

Mr. Speaker, I believe the fiscal and monetary policies were the tools which were used by provincial and federal governments in the past, but given the present world and domestic situation, there is no way we can continue as we now do to rely only on these two working tools, namely tax rebates from time to time and interventions in our monetary policy at other times. Those interventions, however worthwhile they may be in the short run, will surely not bring to this country the anticipated prosperity in view of all the resources we have at home. If the devaluation of the Canadian dollar can temporarily benefit our exports, one must also realize that it will surely have an adverse effect on the inflation index. I believe we cannot rely only on this sector to restore stability in future.

Mr. Speaker, the Department of Finance, like the department in which I have the opportunity and honour to work, tackles the real problems, going at their very roots and trying to work in conjunction with all partners, unions and employers, with a view to rationalizing and concentrating our production in those sectors in which we are strongest, in which we can be more efficient not only on the domestic but on the international market.

Mr. Speaker, another thing which is essential when considering a long range industrial re-organization and short range fiscal and monetary policies—and it has the same importance in any country—is confidence, that of workers in the future of our industry and that of investors; such confidence, unfortunately, has been partly lost for some time in this country.

I do not want to go on a witch hunt and identify some groups or individuals rather than others. I think, Mr. Speaker, that if we do not want to find who is responsible we should at least try to restore that confidence climate in Canada, that confidence climate which is essential. I think that the first thing to do is to offer to those working in that field some long term political guarantees.

It is obvious, Mr. Speaker, that we can accuse a politician of being demagogic when he says that political instability results in investment losses. Multinationals do invest in certain countries of South America. And some people often use that example to demonstrate that political instability is not a factor. But they invest in some countries which I shall not name, provided the risk capital represents about 20 per cent of the capital invested in a project, and they will invest that 20 per cent if they can recover it within three years, when in Ontario the average period for recovering risk capital is 33 years. So there are much fewer projects for which the capital invested can be recovered within three years instead of 33 years, which is why such projects are very scarce.

Mr. Speaker, I think that Canadians, with their natural resources, their human potential and also their will to succeed together in spite of their differences, should take advantage of those factors to restore the confidence that we all need to believe in the future of our country. For those who say that the situation is critical, yes, it is. But as Canadians we can ensure our energy supplies for many years. The province of Quebec produces now only 27 per cent of the energy it uses. For the rest of our supplies, that is oil for 54 per cent of our energy consumption and natural gas for 24 per cent, and the rest being coal, or coke, we can at least rely on supplies from our own country, from the west.

Mr. Speaker, that in my view is an extraordinary advantage. Let us think of all the still unknown resources we have there, in our Northwest Territories or Arctic areas, to boast about. We can use them as a promotional feature to tell other countries that they can still have confidence in the Canadian economy and our future. More often than not price is not the only consideration, because there is also the question of a reliable source of supplies. And this country's supplies are reliable, what with the assurance this government will be able to give that the price of oil will always be competitive with that in the United States. We believe we can honestly compete with our neighbour down South.

Mr. Speaker, opposition members have been crying for the $100 personal tax reduction. But for some in the opposition it is not enough, and for others too much. This is overstressing matters of detail. The measures recently announced by the Minister of Finance (Mr. Chrétien) are worthwhile, just and fair at this point in time. But the same minister had started

working on something the new Minister of Industry, Trade and Commerce (Mr. Horner) will pursue. In my view, this is not simply a short-term, six-month affair, but rather a long term enterprise that will today and tomorrow give every Canadian confidence and a better future.

Mr. Speaker, the best thing that could happen to us is that the opposition stop criticizing, sometimes rightly but more often wrongly, that they stop making rather weak points that are only a repetition of old tricks or ill-conceived and badly written editorials. If they did so the opposition certainly could bring a more valuable contribution by putting forward more useful, more positive points and proposals.

● (2052)

[*English*]

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I appreciate the opportunity of taking part in the debate on Bill C-11, entitled an act to amend the Income Tax Act and to provide other authority for the raising of funds. It is more than that. It is a minibudget—at least that is what it was called by the Minister of Finance (Mr. Chrétien) in the question period about a week ago. The bill is both complicated and lengthy. It consists of 225 pages of material and would take weeks, indeed, months of study to comprehend its contents fully.

I agree with the hon. member for Edmonton West (Mr. Lambert) who, on November 7, said in this House that 99.9 per cent of the people in the country don't understand it. It is only a handful of tax lawyers, tax accountants and people in National Revenue who do. Can you imagine legislation so complex that provision has to be made by the government for a taxpayer to make a submission to the department for a decision, and then the department makes a charge for that decision? I think it is time for the Minister of Finance to instruct his legal officers to revise the Income Tax Act with a view to producing a piece of legislation in language that can be understood and which leaves little doubt in the minds of the tax lawyers, chartered accountants, business people, and the public generally.

The Minister of Finance, when speaking in the House on November 2 on second reading, urged that the bill be passed without any unnecessary delay. He indicated that the passage of the bill before us is extremely important in securing the confidence of the business community. If one looks at the present state of the economy, namely, high unemployment, low productivity, our balance of trade deficit, and our faltering dollar, one will realize it will take something more than amendments to the Income Tax Act to restore that confidence.

● (2102)

I suggest that what makes the country strong is strong leadership. That is what this country has lacked for the past ten or 15 years. There has been no sense of direction since the Prime Minister (Mr. Trudeau) has taken power. People in business and people in all walks of life are confused as to the direction our country is going, both from the economic point of view and from the political point of view. Perhaps in the Prime Minister's mind the universe is unfolding as it should. This is what frightens me and many other Canadians.

The government's policies have divided the country and have caused its citizens to lose that sense of pride and enthusiasm which we had shortly after the last world war and through the years in office of the right hon. member for Prince Albert (Mr. Diefenbaker) and of the right hon. member who followed him as Prime Minister. At that time this great country was looked upon with respect and envy by leaders throughout the world. We have lost all this. If one sits down and analyses the reasons, it can only be seen as being the result of the policies and attitudes of the present government over the past ten or 15 years.

During the course of the summer I had calls from chartered accountants, members of the business community and others who expressed concern over the fact that, while the then Minister of Finance had made certain proposals in his March 31 budget, no serious steps had been taken by the government to pass legislation to implement these proposals. These people were planning their affairs based on the March 31 budget proposals and in anticipation they would be passed, only to find that the House had adjourned and the proposed amendments to the Income Tax Act had died on the order paper. They asked me what they could do. Should they proceed with their plans or would they have to scrap them? Mr. Speaker, how can a businessmen operate if there is uncertainty as to the rules under which he must operate?

I pointed out to them that the budget proposals of May 25, 1976, were not finally passed until late February of 1977, and I had to admit that there was no way that I could give any guarantee that they could proceed with their plans because the government could easily bring in a new budget or, in the alternative, modify some of the provisions of the March 31 budget.

More and more people across this great country are asking, "Where are we going? What direction is this government taking us, or in fact does it know what direction it is leading us?"

I would like to now turn to some of the specifics of the legislation. First I would like to say a few words regarding the provisions affecting the proceeds from life insurance policies. The original proposals came as a shock to a majority of Canadians who had purchased insurance coverage over the years in order to build up an estate for their wives and families on their death, or alternatively as a retirement fund for their golden years.

The proposals created a great deal of concern, with the result that many representations were made to members of this House and to the Minister, resulting in some changes being made in the original proposals. The changes, as I understand the bill, are to the effect that the earnings on a life insurance policy will not be taxable as income on death. The provisions still remain, however, which provide that the earnings will be taxable if a policy is cashed in during the lifetime of the policy holder, or if he or she borrows on the policy.

I appreciate that, on each instance, it is only the earnings that are taxed and not the amount of the premium contributions of the policy holder, but is this fair in either case? A policy holder only cashes a policy in or borrows on it if he needs the money for some purpose. In addition, the bill provides that if one borrows on the policy, the interest that is paid to the company will not be allowed as an expense for income tax purposes.

There are many small businessmen throughout the country and many farmers who make use of this borrowing feature in their businesses, and I fail to understand how the government can refuse to allow the interest to be claimed as a business expense, because actually that is what it is. Is this an attempt on the part of the government to assist the banks and other lending institutions? If it is not, I would like to know what it is. As I read the present legislation, an individual can take an insurance policy into the bank, use that insurance policy as collateral to borrow money at relatively higher rates than he could borrow from his insurer, and claim that interest as a business expense. Yet if he borrows directly from his insurer, the interest cannot be claimed.

Small business and farming are the backbone of this country. Government should help rather than hinder, yet here is yet another example of the government failing to appreciate the problems facing small businessmen and farmers, and attempting to gouge a few extra dollars of income tax out of them. I ask the minister through you, Mr. Speaker, to give serious consideration to withdrawing these particular clauses in order to permit small businessmen and farmers to deduct the interest they pay to an insurance company as an expense for income tax purposes.

I now turn to the question of Registered Home Ownership Plans. I have had many calls with respect to the changes in the rules respecting this program. I will not go into the details of the changes but it is sufficient to say that when a program is brought in, whether it is a RHOS Plan or otherwise, that is widely advertised by the government, the public should be able to participate in the program with the assurance that the rules will not be changed during the course of the program.

Can you imagine, Mr. Speaker, what the game between the Toronto Argonauts and the Ottawa Roughriders would have been like yesterday if, suddenly in the course of the game, the officials had announced that the rules of the game were being changed? This is what happened with the RHOS Plan. Surely the bureaucrats, or whoever it was who developed the plan, should have had the foresight or the ability to see what ramifications the introduction of the program would have, and prepare the rules and regulations accordingly. Perhaps it was simply a case of a government hungry for power, Mr. Speaker, instituting a program with the intention of buying some votes.

I am sure that the public from now on will be very cautious about participating in government programs of this nature unless there is some assurance that the rules will continue throughout the whole programs.

I was pleased to see that there is a provision in the bill to provide, and I am quoting from the Income Tax motion, that:

[Mr. Neil.]

> Where a taxpayer disposes of a capital property after March 31, 1977, that is real property (other than a rental property), or eligible capital property used by the taxpayer primarily for the purpose of gaining or producing income from a business, any recapture or capital gain be permitted to be deferred provided that by the end of the taxation year following that in which the property was disposed of, the taxpayer acquired a replacement property.

This amendment was a long time coming and should have been brought in at the time the government brought in a capital gains tax. It is particularly important to farmers who, from time to time, dispose of certain of their farmlands, not to make a capital gain but to consolidate their holdings in order that their farm units be more of an economically viable nature. In the past they were penalized, and in many instances this created hardship. This change was proposed by our party for years, and it is interesting to note that the hon. member for Wetaskiwin (Mr. Schellenberger) moved a private member's motion to that effect last session. Here again, I think it was a case of bureaucrats in the minister's department not understanding the economic situation in western Canada, particularly as it relates to farmers and farmlands.

● (2112)

It is disappointing to me to note that there is no amendment in the bill to provide for a tax free rollover of farmland from father to son where they have operated as a corporation. I will make no further comment on this because the hon. member for Wetaskiwin spoke at length on this subject when he participated in this debate on November 7 last. I hope, however, that the minister will instruct his officials to give consideration to bringing in an amendment to allow such a rollover, because there are a great many family farming corporations in western Canada which are being penalized under the present provisions of the act.

I have read the remarks of the Minister of Industry, Trade and Commerce (Mr. Horner) as reported in *Hansard* of Wednesday, November 9, and quite frankly, I was disappointed. He has become an apologist for this government and its policies which over the years he attacked so vigorously. He stated, to quote from page 756 of *Hansard:*

> I was rather shocked during the debate this afternoon on the question of privilege that arose, as I have been shocked by the debate that has taken place in the House of Commons this week and last. The only conclusion I can draw is that in the absence of that right hon. gentleman, the hon. member for Prince Albert (Mr. Diefenbaker), the Conservative party has attempted to ride to power on the backs of the Mounties.

The hon. minister, I am sure, knows perfectly well from his long-time association with members on this side of the House that all of us hold the Royal Canadian Mounted Police in the highest esteem.

Some hon. Members: Hear, hear!

Mr. Neil: We are proud of that force, which is one of the finest police forces in the world.

If the minister will review *Hansard,* he will note that the thrust of questioning has been directed to ministerial responsibility. The government has attempted, supported by some of the media, to make it appear that our motives are otherwise. I am disappointed that the minister, who, I know, holds the

RCMP in the same high regard as I, would make such a charge, which can only create more confusion in the minds of the public as to parliament's attitude toward the RCMP.

As critic for northern development for the official opposition, I had hoped that the Minister of Industry, Trade and Commerce would have made some comment with respect to what plans his department has to ease economic problems in the Northwest Territories. I know he is aware of the problems that are facing the small businessman and the labour force in that area because, according to news reports that I read of his trip to the north, he seemed to indicate a certain feeling for the north, and certainly he expressed concern for their problems.

Assistance could be by way of tax incentives or programs which may be instituted by his department, and I am sorry the minister is not here this evening. I hope, Mr. Speaker, that the minister will hold discussions with the new Minister of Indian Affairs and Northern Development (Mr. Faulkner) as well as with the Minister of Finance to see what steps can be taken to alleviate the severe economic depression that is facing business in the Mackenzie valley.

In concluding my remarks, I would like to say that Canada has possibly the greatest potential of any country in the world. However, potential, whether it be resources, manpower or otherwise, is of no value if we do not have leadership—leadership that would instil a sense of pride of country in Canadians from coast to coast; leadership that will create an economic climate that will give businessmen, both large and small, the confidence to invest in this great country and to create jobs, not only for the vast number of unemployed, but for the many youth who graduate each year from school and who, at the present time, face the future without much hope. We do not have that type of leadership at the present time and there is no indication that there will be any change in the foreseeable future. Canada has the potential. This bill, which has been called a mini-budget by the Minister of Finance, will do very little, if anything, I am afraid, to improve the situation.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, at the outset may I say that if in the context of my remarks I should wander from the subject, or in some way say something to which the Chair takes exception, I hope that Your Honour will draw it to my attention. I would also hope that in drawing it to my attention I would apologize with better grace than that which was demonstrated this afternoon by the Prime Minister (Mr. Trudeau) when he was found to be out of order, when he was found to have made a statement which was not founded on fact. I expect that kind of bad grace and ill form from the Prime Minister, but not, Sir, from any other member of the House, and I want that on the record.

Some hon. Members: Hear, hear!

Mr. Brisco: Having witnessed that astounding performance I should now like to participate in the debate on Bill C-11.

In my view, Bill C-11 is a reflection of the tax policies of the government as it confronts industry and the provinces. One area of confrontation, which goes back to the era of 1974, has been in the area of mining taxation, where clearly the provinces have a basic right to tax. But with the federal government putting in its oar, and with the former minister of finance, John Turner, being bloody minded and determined to confront the provinces, we are witnessing taxation of the mining industry of both British Columbia and Ontario to the tune of 110 per cent. Now we hear complaints from the government side that that industry is not doing its fair share, is not carrying the load and is not being a good citizen. In terms of INCO, we have heard that they have not been good citizens, but that is in another framework and another context.

● (2122)

The mining industry, by its very nature, is of a type and kind which requires a great deal of time in order to gear up and get that locomotive of industry rolling. It takes time to develop prospects. It takes money to prospect, and it takes a great deal of skill. Canadians have withdrawn from confidence in the mining community, as a result of the tax burden this government inflicted on the mining industry. Canadians can see little profit in supporting their home grown industries through the purchase of stocks when the mining industry is being taxed up to a level of 110 per cent in some cases, that is, on the basis of the tax policies by this government.

Mining is not the only industry to be singled out by the government. This afternoon I listened to the President of the Treasury Board (Mr. Andras) talking about our gross national product. I was a little disappointed that he did not touch on the forest industry, a massive industry in terms of GNP contributions, more so than the mining industry and the agricultural industry combined. This industry is massive because of the enormous amount of timber available across this land. By far the majority of our square miles is comprised of timber. Here we have an industry which has the support of the government in the form of regressive taxation and also in the form of a total lack of a national forest policy! There is absolutely no forest policy for Canada's first industry.

The other day I read the remarks of the senator who at one time was the minister responsible for fisheries, forestry and the environment, Senator Marchand. He stated in an address to a standing committee that the Economic Council of Canada had expressed concern over the fact that Canada did not have a forest policy. He felt it should address itself to that. He hoped that the incoming minister responsible for the environment would adopt and have an opportunity to introduce a national forest policy.

We have had four ministers of the environment, and we now have a Minister of State for the Environment (Mr. Marchand), who has gone on record as saying that he thinks we should be doing something for the forest industry. Sir, that is sheer arrant rhetoric of the most shallow nature, because he knows that this government reduced the budget for the forest service of Canada by $2 million last year. He knows that the minister responsible for the environment, for fisheries and forestry, said to the standing committee last year that we do

not have a national forest policy. That was the minister's statement. We have been hearing the same statements from ministers ad nauseam and ad infinitum since 1974.

How is the forest industry affected by the tax policies or the failure of this government to have any policies? For one thing we see the Department of Regional Economic Expansion getting into the ball game and periodically funding the forest industry in one place or another. For example, not too long ago it funded a firm in my own riding, Salmo Forest Products, Salmo. It is reported that DREE provided some $300,000 in order to provide more job opportunities for Canadians, the residents of that small community of Salmo. What have we seen as a result? We have seen that same American owned saw mill sending its lumber across the line to the United States to be finished, laying off some 20 or 30 Canadian employees in order to hire on 20 or 30 United States employees, not to mention the 12 or so truck drivers they will require to haul the lumber down to the United States. Where is the policy of this government in regard to that type of rip-off? Is there any value in an American owned operation demonstrating this type of irresponsibility? I do not care whether it is American, Canadian, or German owned. Can anyone here convince me that 42 American employees are the equivalent of some 20 or 30 Canadians who will be laid off?

This government, with its tax policies and its lack of a forest policy, inflicts this kind of problem on the small average worker in Canadian society. The saw mills may be excused in part. I am not referring to this one, but some of them may be excused for the shipment of their goods by CP or CN rail because the charges that are levied are on the basis of a full box car. In the United States that kind of shipment does not apply. Frankly, the entrepreneurs in the forest industry in the western United States, for example in Washington, Oregon, Montana and Idaho, have everything going for them in terms of transportation benefits to move their goods to U.S. and foreign markets. It is not so in Canada.

Every effort is made to make it tougher for Canadians to do business in Canada in terms of the forest industry. The plywood industry is in the same position. The pulp and paper industry is in the same position. So, I say to you, Mr. Speaker, that this government, by demonstrating its irresponsibility by funding a U.S. firm—and I do not care whether it is lumber, mining or what it is—is denying jobs to Canadians and is not living up to the role it is supposed to play in terms of DREE.

Further, in terms of DREE, we heard the rumour today, vehemently denied by the minister, that the government and the cabinet are concerned about the fate of DREE because it is not getting enough PR Assistance to an industry or to a particular project from DREE is not getting enough mileage in terms of public relations for the federal government. The reported source comes from within DREE itself. I suppose where there is smoke, there is fire. I would say the government has cause for concern in terms of its PR with DREE because much has been a failure, much has been mismanaged and has been in the wrong direction, without the right ideas.

[Mr. Brisco.]

I cannot see the Maritimes accepting the proposal that DREE should go down the tube so that this government and its cabinet can pork barrel in the Maritimes or where else it pleases. I would think that that proposal would be totally unacceptable to any hon. member from the maritimes, be he Liberal, Conservative or NDP.

● (2132)

One of the other concerns I have with reference to the tax legislation the government is introducing has to do with the lack of an industrial strategy that this government demonstrates. We talk about a billion dollars which it has been proposed will be spent on industry in some fashion. The guidelines have not been spelled out. We really do not know in what way that money that money is going to be handed out. Would it not have been much more acceptable to Canadians and to thinking members of parliament if such a proposed expenditure were wrapped around a clear and distinct policy and strategy of industrial development? Clearly that type of thing does not exist.

I draw the attention of the House to page seven of the bill, and I note that reference is made there to a proposed amendment which reads:

> That for the 1977 and subsequent taxation years, a grant received under the Canadian Home Insulation Program be included in the income of the recipient or, in the case of a married individual residing with his spouse, in the income of the spouse with the higher income.

We have heard the eloquent speeches of the Minister of Energy, Mines and Resources (Mr. Gillespie), of the Minister of State for Urban Affairs (Mr. Ouellet), and of the Minister of National Health and Welfare (Miss Bégin) who, on October 26 in response to a question by the hon. member for Halton (Mr. Philbrook) said, and I quote from page 290 of *Hansard:*

> Mr. Speaker, I can assure the hon. member and the House that the grants for insulating homes will not be considered additional income or assets to old age pensioners and will therefore not interfere with the receipt of supplementary benefits.

I can recall that that announcement was greeted with desk thumping responses on both sides of the House, but now we see this little clause on page 7 sneaked into Bill C-11, a massive bill of some 250 pages, in the fond hope that nobody will pick it up. What kind of shell game is the government playing with the senior citizens of Canada?

The insulation program is a good program, but its management has to be the most inept, bungling mess I have ever had the misfortune to come across. When a member of parliament cannot get from the department responsible for the management of this program, located in the city of Montreal, more than one copy of the program unless he writes a second letter for a second copy, or a third letter for a third copy, there has to be something wrong. My constituency office was assailed with phone calls from people who wanted to participate in what they thought and I thought—and still believe—is a good program, but in terms of efficiency and organization, what a bloody disaster!

Strangely enough, the government must have recognized that I was incensed about this because just on Friday of last week some 50 copies of this home insulation, information package arrived at my door, but it took an editorial in the newspapers, and on open letter to every business firm in my riding dealing with insulation to explain the program that this government has failed to explain to Canadians, in spite of its three quarter page ads. Wrong numbers have been listed in the newspapers. People have been calling Montreal and getting Halifax or some other place. There has been no notice taken of the time differential.

With all respect to my Francophone brothers, there are those in British Columbia who have difficulty with the French language, including this member, and it is rather difficult to communicate in French when you do not speak the French language. That was another problem. I realize that every program the government introduces has its problems. It takes time to put programs into gear, but many of these things could have been thought out beforehand.

Perhaps I am deviating from the point, but the point is that after the Minister of National Health and Welfare assured this House that the senior citizens of Canada would not be taxed on the benefits of this program, we now see it introduced by this government on page seven of this bill. I say shame! That is the very least I can say, and I ask the Minister of National Health and Welfare to withdraw her statement, or apologize.

I note that the government has withdrawn its hand from the graves of those who had life insurance policies. However, as one of my colleagues recently remarked, the government has not gone to the extent of demonstrating assistance to small business.

It seems to me that it was about October 28 that the Minister of State (Environment) (Mr. Marchand) spoke in Trail to an assembly of people attending a Chamber of Commerce luncheon. At that time the minister, formerly responsible for small business, described not his new responsibilities for the environment but those with which perhaps he was more familiar, his former responsibilities for small business. I admired his frankness when he said that for too long the government has imposed too much red tape on small business, and that it could see that the small businessman was being drowned in red tape and in forms of little or no consequence.

Yet after a frank speech of that nature indicating how dedicated this government is to the support of small business we find that it is moving in this bill to frustrate further the advance of small business. What does the government want? Does it want the small businessman to go to that court of last resort with the highest interest rates? Does the government want the small businessman to run to the FBDB? Does the government really want to cultivate and encourage small business? It certainly has not demonstrated that inclination with the provisions contained in this bill as they affect insurance policies.

This weekend I called on a small businessman, Mike Banderoff. He operates a small store in the city of Castlegar, and he is tearing out his hair. He has a small bakery attached to his general store. He has three bakery employees supporting three families. He will have to let those employees go because, as he said, the Department of Consumer and Corporate Affairs has told him that he must label all his bakery products. He says he has no difficulty with bread, and his bakery bakes buns every day. That is easy enough. But then he says, "Today because I make a dozen apple pies—I may not make another dozen for six weeks—I must have 2,000 labels on hand telling the public what the shelf life is, what the labels are—"

● (2142)

Mr. Woolliams: Ask Basford. He got one in the face.

Mr. Brisco: That is right. I understand the Minister of Justice (Mr. Basford) is an authority on pie. These ridiculous little labels are supposed to be for the protection of the public. Anyone who has been in the business of serving the public knows that when you cease providing quality, you lose business. A mouldy apple pie on the shelf is not going to attract customers. Anyone who buys it will never buy again.

Why is the Department of Consumer and Corporate Affairs hassling this small businessman with such nonsense? If he has a dozen danish rolls that happen to have jam in them he must have a label for that, and then a label for his peach turnovers, and one for his apple turnovers. It will take him about 25 years to use up the labels.

The ultimate insult to this small businessman is not only that ridiculous regulation but the fact that he received a letter headed "Consumer Fraud Protection", not the official letterhead of the department. It could have been a fraud. That letterhead could imply to the businessman that he was already pulling a fast one on the public. He could accept a letter from the Department of Consumer and Corporate Affairs, but when it comes under the heading of "Consumer Fraud Protection" does it mean he is regarded as a gangster?

A little while ago I listened to the Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Loiselle) talk about the failure of the opposition to do anything but criticize. When he said that I thought he had failed to recognize the role of parliament and the role of the opposition. It is the role of the opposition to criticize, and I suppose from time to time we are guilty of not criticizing constructively, perhaps because we are frustrated at the government's policies. I should like to draw to the attention of the hon. member that it is the role of the opposition to oppose, to criticize constructively. That has been demonstrated many times in the past through amendments introduced by the opposition that have helped improve legislation.

The tax policies of the government as set out in this bill give me some concern. I do not understand their priorities. The city of Castlegar is unable to expand industrially, commercially, or socially in terms of housing, for want of water which could be supplied with $3 million of this government's money. Yet every day in the newspapers and through parliamentary reports the residents of Castlegar learn about the government spending

$100 million on an office building in Montreal—although it would not matter whether the building was in Vancouver, Regina, or Halifax. In this so-called period of restraint the government spends money for an office building in Montreal where we are told there is a surplus of office space. It looks as if the government is bending over backwards to buy votes in Quebec.

If Castlegar were to receive assistance from the federal and provincial government it could triple its employment opportunities in the next five years but, instead, it may have to halt the expansion of existing industry. All the applications made to the Minister of Regional Economic Expansion (Mr. Lessard) fell on deaf ears. The government has tunnel vision. It shafts the small businessman while it introduces a program to assist Canadians to reduce the cost of energy and an insulation program, which I have already said is a good one; then it turns around and, with the other hand, grabs dollars from the pockets of senior citizens.

The government takes and the government gives, but it always takes more than it gives. On the one hand the minister assures us that something will not be done, while on the other hand somebody else introduces it through a provision in this bill. It just demonstrates the government's failure to recognize priorities. It would rather spend $100 million on erecting a tower to reflect—

An hon. Member: That is not right.

Mr. Brisco: Mr. Speaker, the hon. member opposite will have his turn to speak when I finish, unless he has a question, which I doubt.

The government has failed to set its priorities, it has demonstrated tunnel vision and decided that a community the size of Castlegar does not need to expand and increase job opportunities. Rather, the government proposes to erect a tower to its policies in the city of Montreal.

That is the kind of policy, the kind of tunnel vision, the kind of "emphysema" of rhetoric from which this government suffers.

● (2152)

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, it is with a great deal of interest that I should like to make some comments about this legislation. I notice that the minister has already mentioned misuse of freedom of speech. However, Mr. Speaker, I think that he indicated in his presentation how important this legislation was and, on that basis, I think that we have serious reasons to make comments about it. I wish to say right now to the minister that there are some good provisions in this legislation that we wish to support at once. Unfortunately there are also some which are debatable not to say questionable. Once more, we think that it is a strategy of this government to present a legislation containing several provisions deserving our support because we should not hesitate of course to support, for instance, a tax reduction. We have been asking for it in the last two years. It is only last week that the minister decided to introduce this legislation. I hope that our friends opposite will not try to take credit for such a brilliant idea.

For two years, Mr. Speaker, the leader of my party and several of my colleagues have been asking—and they believe that it was urgent two years ago—that the Canadian people be given additional purchasing power. And they come up with this legislation in which once more, there are provisions that we consider inadequate for the time being. And we think that those measures should not all be included in the same legislation. If in the minister's view it is urgent to act, then let him suggest a proposal to select measures that are urgent, valuable and interesting and we shall certainly give them our support.

But it looks very much like the omnibus bill of long ago in which totally different measures were being proposed. Four or five of the seven measures were valid and we were supposed to accept the whole package without question. This is where the problem lies, and we ask for the insurance that, at least at the committee stage, the minister be ready to make some concessions and present in third reading a legislation more acceptable than it is now, in which case he will certainly get the cooperation he wishes from the opposition. But I somewhat regret to see that my hon. friends opposite are maintaining a stubborn silence about debatable and debated measures with which a majority of the people probably do not agree.

We believe that it is normal, or at least that we are doing our duty in telling the government members that once again some provisions are unacceptable for the moment, that we are greatly pleased with some others and that what would make Canadians most happy is a tax reduction, but as I said earlier, my party has been asking for these reductions for three years in order to increase our purchasing power. Last week, previous speakers talked in particular about the clauses dealing with insurance companies, the holders of insurance policies and, of course, capital gains, especially as concerns farmers, and we certainly have serious reservations about those provisions. Mr. Speaker, I would like to say that we are very much in favour of the good clauses and that we intend to do our duty with regard to those that we find unacceptable for the moment.

Of course, Mr. Speaker, I represent a riding with problems as well, and neither the Speech from the Throne nor the estimates that the minister would like to propose and which, in his opinion, the people would find most interesting can truly solve these problems. Some people in my constituency are greatly worried about the economic situation, and this legislation is not likely to solve certain important problems.

I was listening to the hon. member for Chambly (Mr. Loiselle) who is, I believe, Parliamentary Secretary to the Minister of Industry, Trade and Commerce, and he mentioned the opportunity that we have to correct the situation. He made an excellent speech which I greatly appreciated, and he touched on almost everything, Mr. Speaker, except for a minor matter. He forgot or tried to forget the past. But that is our problem, our responsibility. According to what he said, he would have liked us, members of the opposition, to forget all the failures of the government in so many areas, he would have liked us not to talk about what has happened and as the

Minister of Finance (Mr. Chrétien) did in his statement, he of course asked us to help this government and to recognize how important it is for the government to regain the confidence of the people. He therefore admitted that the government has already lost much of the confidence of Canadian voters.

The economy, stated the minister, depends in large part on a climate of confidence in business circles and it is essential to pass the bill now under consideration to ensure that climate of confidence. Mr. Speaker, I will deal with this matter for a few minutes.

How is it possible for the opposition to accept readily to support this government when it recognizes the importance and the necessity of gaining the people's confidence, as I said earlier, after so many failures. We would be less than honest if we asked the people to forget what happened and merely say: I think this government is well-disposed now. This government has been running the country for 12 years and for as many years the Canadian people have been expecting measures when they only got promises since 1965, and I am thinking of the just society which was promised to us.

I am also thinking of that great and noble purpose, the reconciliation of all Canadians, but dissension occurred. I am thinking of the undertaking to reduce unemployment in 1968 by almost 168,000 if I remember correctly, while the number of unemployed now exceeds a million; to restore agriculture, while degradation is witnessed in that area, to increase the number of farmers when we know that they are fewer; to increase the net revenues of producers when we know quite well that they have dropped. Excess revenues, gross and net revenues will be mentioned, but the opposite is the truth. To curb inflation! Never before have we known such a serious inflationary trend. We heard about close co-operation with the provinces and it was rather confrontation than consultation. There was confrontation as well with businessmen, the business community and unions. I shall not deal with the security service, since I may have the opportunity to come back to this later on. The behavior of some federal ministers as regards some Quebec members before November 15, Mr. Speaker. I am not referring to that day but to the period before November 15. I recall very well all the arguments we had and the recommendations of their cousins of the provincial legislature which all resulted in negative answers on extremely important matters. Then, one wonders how this famous November 15 ever happened? And the carelessness of our industries! Last week, the Minister of Regional Economic Expansion (Mr. Lessard) referred to federal handouts. There were quite a few, that is true. There were very interesting grants, particularly in Quebec, but there was also in the riding of Berthier—

● (2202)

An hon. Member: In the riding of Joliette.

Mr. La Salle: Who is speaking of Joliette?

An hon. Member: I am!

Mr. La Salle: Ah! That is another story, excuse me. I say several industries disappeared, but we are not told why it happened. Efforts were made to set up new industries, but unfortunately, the Canadian production in several industries disappeared or declined. Now, how could we forget, how could we trust this government which comes to us and says: There now, this time we are prepared to act properly. Therefore, a lack of estimates for research equals a lack of a long-term policy. And for the past 12 years, they have been wondering what was going on or they have just not cared. And recently, in a joint committee, Senator Lamontagne, who is not a Progressive Conservative, blamed the government in direct and strong terms for allowing a decrease in research funding. Therefore, how can this government ask us to have confidence in them, how can they be serious when they introduce a few more budgetary measures, fully aware of the fact that the predecessors of the present Minister of Finance sadly failed in all their projections, and as far as I know, unless some changes occurred, the same analysts or economists are probably preparing the background papers for the present Minister of Finance. Once again, we are being asked to trust this government which gave us abundant proof of its failures.

Mr. Speaker, you can understand why we are not prepared to comply with the request the hon. member for Chambly (Mr. Loiselle) made a moment ago, to forget the past and look forward to the future. If the past is the guarantor of the future, we must remind Canadians that the coming months and years are going to be difficult ones. Therefore, in these circumstances, Mr. Speaker, we really intend to remind the people of this government's tremendous failures.

I would also like to make some comments about an industry which affects my riding in particular and greatly concerns the province of Quebec, I am referring to the dairy industry. I do not think any reference has been made to this, nor any special funds earmarked for this purpose. But, Mr. Speaker, this is important in our economy; besides, it is considered a very important part of our agricultural industry. I wish to remind the minister of the importance and urgency of providing financial aid for this industry. As far as agriculture in general is concerned, promises have been made. The Minister of State for Federal-Provincial Relations (Mr. Lalonde) indicated that meetings would be held with the Quebec Minister of Agriculture to discuss Federal government grants to the dairy industry. But, as far as a dairy policy is concerned, Mr. Speaker, great hopes and tremendous expectations have been raised among the people concerned. Enormous hopes have been raised and milk producers have known miseries and problems two or three years ago. They are still refusing—I mean the government—to introduce a program on a five year scale. They have talked about restrictions on cheese imports but let them reach 50 million pounds before making any move and now we are told that we are probably going to reduce those imports. At the same time the production capacity of milk producers has been reduced.

We did not even protest against powdered milk competition from the European Economic Community under the pretext

that we could not challenge and compete on equal terms with them. And yet we knew very well, Mr. Speaker, that at the same time the Prime Minister (Mr. Trudeau) was negotiating small economic agreements with the EEC on the back of milk producers. The fact is not known. That was the problem. I think the member for Longueuil (Mr. Olivier) is not much aware of that. The member for Berthier-Maskinongé (Mr. Yanakis) is surely aware of it. I know that the member for Compton (Mr. Tessier) dealt with it. His colleagues did not listen to him carefully, but the papers reported recently that the member for Compton was not satisfied with the government's behaviour. As it turned out, the government chose to let the EEC compete with us, no matter again who was going to pay the price of such a decision.

Again, the government refused to assume its responsibilities and help the milk producers in allocating supplementary estimates and to face that competition in order to protect a Canadian industry. And this is a further example of a lack of courage as in so many other fields. The member for Beauce (Mr. Caron) is aware of that. There are milk producers in his riding who are not happy, Mr. Speaker.

I am anxious to see the member for Beauce rise in his place and have the courage to condemn the lack of adequate measures in order to save the milk industry not only in Quebec but throughout the country.

• (2207)

There is again some talk about importing butter. Mr. Speaker, such things compel us to take the floor and ask the government to show some understanding. At the very moment I am speaking to you, I am quite convinced that in the riding of Beauce as in other ridings, the situation is the same for milk producers. The member for Beauce, Mr. Speaker, prefers to promise a federal penitentiary in his riding by 1979, but it will apparently only take place in 1989. Anyway, due to the present economic situation, there are many milk producers in my riding who have reached their quota and who don't know what to do until the month of April, yet the government refuses to listen to them. Indeed, it is going to let them down. From 5,000 to 6,000 of them have already given up a couple of years ago. Many more will give up as well, Mr. Speaker, but that does not bother the government in the least.

I had an opportunity to speak with the chairman of the Canadian Milk Board and to the Minister of Agriculture (Mr. Whelan). Next April, the government will see what it will do, but until then, no doubt some milk producers from Ontario will be forced out of business. There are not enough unemployed as it is. That is the position: one of denial. Some people find the situation amusing. The member for Montreal-Bourassa (Mr. Trudel) may find that funny, but when the Liberals run out of milk or food, and when their stomachs ache from hunger, Mr. Speaker, maybe they will understand how important it is to give the producers a decent income.

Mr. Blais: I rise on a point of order, Mr. Speaker.

[Mr. La Salle.]

Mr. Deputy Speaker: Order. The Postmaster General on a point of order.

Mr. Blais: I am quite aware that the hon. gentleman has not much expertise in the field of agriculture and that he likes to deal with it in a rather general way, but could he tell us, since we are studying Bill C-11, if any clause of this bill allows him to refer to all those matters?

Mr. La Salle: Mr. Speaker, this bill contains some provisions aimed at re-stabilizing or restoring Canada's economy. I am referring to a deficiency in this bill—

An hon. Member: Ah!

Mr. La Salle: No, they don't care. I would have to accept the funds offered by the Minister of Finance (Mr. Chrétien) and completely disregard a very important area from an economic point of view for my riding and for the Canadian agriculture.

• (2212)

The Postmaster General (Mr. Blais) is not interested in that. But that is not possible, for I know the Postmaster General too well to believe he is not interested in such an important sector for the agricultural economy of our country. I denounce, I deplore and I regret this absence of sufficient funds that the Minister of Finance could have presented to the House, as I am speaking of the urgency of the present situation for our milk producers. I wish our members from Quebec would say as much about it, that they would say a little more. Mr. Speaker, in my riding, for example, we had trouble in a textile manufacture. There have been small problems in the riding of Berthier as well.

The Minister of Finance has mentioned it quite often, and recently he was applauded because he presented a proposition last fall which could perhaps save the 200,000 people left. However, the 600,000 workers who had to leave this industry in the last few years are not to be mentioned. That is not mentioned. The 200, 000 workers left may be saved, but that is not sure by any means.

Mr. Olivier: Mr. Speaker—

Mr. Deputy Speaker: Order, please. The hon. member for Longueuil on a point of order.

Mr. Olivier: Mr. Speaker, I am sorry for interrupting the hon. member for Joliette but I think the House should not be misled. First he just said that about 600,000 people left their farms. Second, he says the government has never done anything, but if he considers what has been proposed by the government, he will see we are talking about something like $600 million.

But the people from Montreal, as the member mentioned it, are paying for the people whom he defends now. He should not ignore it—

Mr. Deputy Speaker: Order, please. I must bring to the attention of the parliamentary secretary that he is making a very interesting point but he may have the floor after the hon. member for Joliette and bring these points before the House.

Mr. La Salle: Thank you, Mr. Speaker. The hon. member for Longueuil wants to contribute and it seems that there is enough time for him to do so. It would be very interesting to listen to him and I am ready and indeed I would be very pleased to hear him. Nevertheless my time has not expired yet. As I said, the absence of proper energetic measures in both our textile industry and our industry in general has forced several industries in Canada to close their plants. The absence of research is responsible as well for the research subsidies for industries which had to close. We are told that the government makes incredible efforts and people are highly indignant because one deplores now the lack of courage shown in these past 10 years.

Mr. Speaker, earlier I acknowledged the comments of the hon. member for Chambly. All I said is that it is not easy to accept an invitation saying we are going to look at the other side and try to make Canadians believe that we are right to trust the government. Mr. Speaker, I repeat it over and over and I say it everywhere. We have no reason to trust a government which has failed in its responsibilities for too long and which has respectfully lied to us for too long on god knows how many issues and has constantly tried to mislead us. All the projections of the previous Minister of Finance and of the present Minister of Finance were wrong. The hon. member for Longueuil knows that.

Mr. Speaker, there were a series of statements about the economic situation of the province of Quebec which were equally false. Many extremely important recommendations, which I am sure would have curbed the rise of separatism in Quebec, have been rejected. But in Ottawa, nobody cares. And now we are in a difficult situation which is described here tonight but we are told we should not talk about it. Mr. Speaker, I agree with the responsible ministers who try to find new funds so that when one talks about restoring the economic climate in Canada and within my province of Quebec, there is not one single member of the House who is against it. Still I cannot applaud the efforts which have been made these last 12 years. This is wrong. But this is a different situation altogether and it seems that something is going to be done.

● (2217)

As I said earlier, in my constituency people refer to false projections. Must I remind this House that when there was question of the Mirabel project—

Mr. Deputy Speaker: The Parliamentary Secretary to the President of the Privy Council on a point of order.

Mr. Pinard: Mr. Speaker, I rise on a point of order. Would the hon. member allow a question? Would he specify the areas where the government allegedly lied to the opposition, before I rise on a question of privilege?

Mr. La Salle: When I am finished, Mr. Speaker, if the hon. member wants to rise on a question of privilege, he will be able to do so.

Mr. Deputy Speaker: The hon. member for Joliette alone can allow a question. He may conclude. The Parliamentary Secretary on a point of order.

Mr. Pinard: I wish to reserve my right to rise on a question of privilege, because the hon. member just blamed illegal action on the government, by suggesting the government lied to the opposition. I reserve the right to rise on that question tomorrow, if I am so allowed by the Chair.

Mr. Deputy Speaker: I would like to point out to the hon. member that there is nothing in our rules to preclude the hon. member from accusing the government or a political party as a group in this House, or even from suggesting that a party or the government uttered falsehoods. It is in cases where the character of an individual member is involved that his rights may be infringed upon and he may rise on a point of order. Anyway, the hon. member in the opinion of the Chair is simply raising a matter of opinion and I do not feel at this point that he has a proper point of order.

Mr. La Salle: Mr. Speaker, I repeat that this government has been misleading, if the term "lying" is too harsh for the hon. member to hear, this government has been misleading the Canadian people for ten years. In all its projections, as I said, not to mention the 1968 commitment to reduce unemployment, if this be not sufficient proof in the current context, is this not misleading the people?

Mr. Pinard: I rise on a point of order.

Mr. Deputy Speaker: I hope the parliamentary secretary is rising again on a question of privilege.

Mr. Pinard: Mr. Speaker, since the hon. member for Joliette has used another word and that instead of using the word "to lie", he has elected to use the word "to mislead", you will no doubt allow me to rise again on a question of privilege and to call the attention of the Chair on the ruling which was given today by Mr. Speaker around 3 p.m., when he ruled that to accuse a party or a group of an illegal act is deemed at this time to be a breach of privilege and that the hon. member should withdraw his accusation if he is not in a position to substantiate it. In this case, Mr. Speaker, the hon. member for Joliette does not only make statements without substantiating them, without supporting them with specific facts. He accuses government members of telling lies. He accuses government members of misleading the opposition and, under these circumstances, I ask permission to raise a question of privilege as early as tomorrow, which is an allotted day.

Mr. La Salle: Having heard the remarks of the hon. member, I shall try to provide additional evidence. In 1974, we went to the people on a very clear platform of wage and price controls. The government kept repeating throughout the country that they would never take such an approach. They called

us prophets of doom and gloom. They tried to have us believe that the leader of the Progessive Conservative party was retrograde. But what happened only a few months later? After winning the confidence of the majority of the Canadian people, the government came to power under false pretences. Only a few months later, the government made a complete turnabout: they imposed wage and price controls and mislead the Canadian people—

• (2222)

Mr. Deputy Speaker: The hon. member for Chambly (Mr. Loiselle) on a point of order.

Mr. Loiselle (Chambly): I beg your pardon, Mr. Speaker, but anyone who has any knowledge of the economy knows that between the wage and price freeze suggested by the opposition and what we proposed to the Canadian people in 1976, there is as much difference as between day and night. Of course, you have to be a little knowledgeable.

Mr. Deputy Speaker: The hon. member will agree with me that he just expressed a matter of opinion on which the Chair does not have to rule. He already had the opportunity to make his own speech and put forward his arguments. Therefore I think he should allow other members to listen closely to the hon. member for Joliette (Mr. La Salle).

Mr. La Salle: Thank you, Mr. Speaker. Moreover, the government has even more misled the people because with those measures they promised to curb inflation, and that is not what happened. Inflation has increased. It had promised to restore the business world, to make agreements with the unions, but we saw a continuous confrontation, and not later than today he was suggesting dates for decontrol, but we are still waiting for it. Mr. Speaker, how can my hon. friends opposite honestly accuse me of foul play? It is not possible, Mr. Speaker, and they know it. We saw this in how many measures where some hon. members felt like denouncing their own government, I am sure, on these projections which proved erroneous. Then do not tell me that the government did not mislead the people when they promised to maintain national unity, to reduce unemployment, to slow down inflation, to spur the Canadian industry, to reduce annual deficits; it was a complete failure all along the line, Mr. Speaker. And they try to have me retract my words when I say that the government took in the Canadian electorate. I am flabbergasted, Mr. Speaker. I thought my hon. friends opposite could be more honest and sincere with me. Well, I am being asked too much, Mr. Speaker. That cannot be!

Mr. Speaker, in my riding as well as in my province, I repeat that a cynical hypocrisy is obvious. They try to make us accept certain provisions that cannot be added to the same act. I will venture further. I had forgotten my good friend, the Minister of Industry, Trade and Commerce (Mr. Horner). Some people say that we have been taken in. It is funny to see how things turn out to be. How can we expect the public to have confidence?

[Mr. Pinard.]

A few months ago, the Minister of Industry, Trade and Commerce was on our side and my friends opposite wanted his hide. They had been dreaming of that for years. The Minister of Industry, Trade and Commerce has been on our side for 19 years. He has fustigated, condemned and repudiated this government. Then a transfer occurred for reasons everybody knows. Mr. Speaker, the Minister of Industry, Trade and Commerce dared attempt with great seriousness to convince us that he was truly motivated by the desire to advocate measures he had been denouncing for 19 years.

But, Mr. Speaker, the most sickening thing in all this is when I saw my friends opposite applaud him. They actually applauded the one they wanted to crucify merely six months ago. But the Canadian people are not blind. When they learn of things like that, when they realize what has happened, they say: No, it cannot be. It is just not possible that this government changes its mind so quickly and that members of parliament support and applaud the very one they would have gladly nailed to the barn six months ago.

• (2225)

That is what we see, Mr. Speaker, and the Minister of Finance as well as a number of members of this House, with all the respect I owe them, are asking me to trust this government. I cannot honestly tell my constituents that there is no problem, no reason to be afraid. Nor can I ask the people of Canada to trust this government. If I say that this government has betrayed us on too many occasions, Mr. Speaker, am I going to be called to order? Maybe. But like thousands of other Canadians, I suggest that this government has failed in its duty and that several of its ministers have failed in their responsibilities.

In such circumstances, it is impossible to trust this government and to give an unreserved support to this bill. If the government would agree to split this bill in order to keep only the best and most pressing part of it, we would be ready to support it. We would support it indeed! But there are a number of proposals in this piece of legislation which are too important and too questionable, with regard to capital gains and insurance policies, to be approved without reservation. Besides, we would be blamed for doing so, which we are not going to be, because we will stick up for the rights of Canadian electors in this regard.

I should like to point out, in passing, the statement the Minister of Regional Economic Expansion made last week. He said, and I quote:

> What I mean is that it is not the responsibility of the federal government and the Department of Regional Economic Expansion alone to fight against disparities. In my meetings with the premiers and the provincial ministers with whom I have regular consultations and negotiations—

When the minister speaks to us of fighting against those infamous regional disparities, I have no doubt whatsoever that he is sincere, Mr. Speaker, because I know the Minister of Regional Economic Expansion very well; but we have been talking about that for ten years now, and what results do we have?

Last Tuesday, I asked the Minister of Finance to convene immediately the ministers of the Maritime provinces and Quebec, in view of this growing economic imbalance. He said that if the ministers wanted to discuss things with him, they could always come to see him. A few days ago I suggested to the Minister of Energy, Mines and Resources (Mr. Gillespie) that he meet with his provincial counterparts, business and labour. He replied that it may be a good way of setting up a long term policy but we did not hear about that yet. What are we waiting for? Businessmen are waiting to see what government intends to do. The government is waiting for an answer from businessmen. Maybe the government is waiting until business and labour get along better.

However, it is the responsibility of this government to get all those people to sit down at the same table and devise long term and firm policies. This government is not doing its job in this respect. Apparently they seem prepared to meet business and labour but they have demonstrated, Mr. Speaker, their inability to set long term policies and their lack of leadership, and the recent cabinet shuffle is definitely not enough to reassure Canadians.

It is impossible, Mr. Speaker. No new idea can come out of that Cabinet. There has been no new blood injected in the Cabinet. As I already mentioned there are young backbenchers, Mr. Speaker, who might have some good ideas. I am sure that the hon. member for Chambly could come up with something new. I remember the promise which was made to the hon. member for Louis-Hébert (Mr. Lamontagne), the hon. mayor of Quebec City, but he must wait for his turn. They have chosen to play musical chairs for the last ten years with the same ministers and the same inadequate ideas. This is why it is impossible to trust this government that has disappointed us too much.

Mr. Deputy Speaker: Order, please. It being 10:30 p.m., this House stands adjourned until tomorrow afternoon at two o'clock.

At 10:30 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Tuesday, November 15, 1977

The House met at 2 p.m.

● (1407)

[*English*]

PRIVILEGE

CLARIFICATION BY MR. SPEAKER OF RULING MADE ON NOVEMBER 14, 1977

Mr. Speaker: Order, please. Before calling motions pursuant to Standing Order 43, I wonder if I might endeavour to borrow a moment of the time of the House to refer to some remarks which I made yesterday during the course of a ruling on the question of privilege raised by the right hon. Prime Minister (Mr. Trudeau).

After I had decided on the question of privilege raised earlier by the hon. member for Peace River (Mr. Baldwin), the right hon. Prime Minister raised a question concerning some alleged comments connected with a motion pursuant to Standing Order 43 earlier in the day. I rather quickly set that aside—upon reflection, perhaps a little too quickly. In any case, that was set aside yesterday, and I do not propose to return to it.

My concern, first of all, is that I had expressed the view that since the complaint raised by the right hon. Prime Minister yesterday was part of a motion pursuant to Standing Order 43, I ought not to deal with it in the same way as I might those other areas of discussion which were subject to the strictures I referred to in the ruling yesterday. In fact, I was not entirely correct in that, because the sum and the substance of the complaint was not in the motion but in the preamble.

In any case, it occurs to me that I may very well have given an impression that motions and preambles to motions are somehow exempt from the strictures I have put on language used in debate according to the citations to which I referred yesterday. If I have done that, I want to hasten today to correct that impression, because it is quite wrong.

If in the past I have been in the habit of adopting and accepting a sort of self-policing feature about motions pursuant to Standing Order 43, I hope the House will understand that since there has been a limited time for the presentation of these motions, I have tended very much to allow them to police themselves in terms of aspects which might offend or come close to offending some of the rules. Sometimes I simply brush them aside and do not put the question, and I have not examined them with close scrutiny with respect to the opprobrious or unparliamentary language provisions.

I should like to refer to Standing Order 51 which reads as follows:

> Whenever Mr. Speaker is of the opinion that a motion offered to the House is contrary to the rules and privileges of parliament, he shall apprise the House thereof immediately, before putting the question thereon, and quote the Standing Order or authority applicable to the case.

Furthermore, Beauchesne's Fourth Edition, at citation 199(3) reads as follows:

> If the language of a motion is offensive either to the House, or to any member, the same proceedings may be had in relation to it as are proper in the case of disorderly or offensive words used in debate; and, for the same cause, a motion may either be refused an entry among the minutes, or if already entered, may be expunged.

Thus, I think I should make it clear to the House that if I created the impression in a somewhat peremptory answer yesterday to the point raised by the right hon. Prime Minister, that all motions pursuant to Standing Order 43 enjoy some exemption from the strictures against unparliamentary or opprobrious language, that was an incorrect impression. I hope the House will accept my penitence for having done so yesterday and my desire to correct the record as quickly as possible, before even taking any proposed motions pursuant to Standing Order 43 today.

● (1412)

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION PROGRAM

PROPOSED REFERENCE TO COMMITTEE OF DECISION TO MAINTAIN WAGE AND PRICE CONTROLS—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. With inflation of over nine per cent this year and unemployment levels of over eight per cent, giving a combined misery index of more than 17 per cent, confirming that wage and price controls are not only not working but are also adding to our jobless ranks, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

> That there be an immediate reference to the Standing Committee on Finance, Trade and Economic Affairs with respect to the government's decision to maintain wage and price controls for most of next year and with respect to the government's attempt to enforce a six per cent ceiling on wage increases, which appears to be based on its forecast of a six per cent inflation level next year, a forecast not shared by independent economists.

Mr. Speaker: Such a motion can be presented for debate pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

SUGGESTION WAGE INCREASES BE PERMITTED TO EQUAL LEVEL OF INFLATION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in view of the well understood and brilliantly put motion which just preceded mine, I would like to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House deplores the economic policy of this government which has resulted in high levels of inflation and unemployment and calls upon the government to permit wage and salary increases within the framework of the controls program next year which at least match increases in the cost of living.

Mr. Speaker: Such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

REFERENDUMS

REQUEST FOR CLARIFICATION OF PROPOSAL—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order No. 43 on a matter of pressing and urgent necessity. In view of the present constitutional crisis and the ambiguous comments made by the Prime Minister about his idea of a national referendum, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That this House instruct the Prime Minister to clarify his proposal for a national referendum as soon as possible in order to remove every possible uncertainty, especially for the people in Quebec.

Mr. Speaker: The presentation for debate of such a motion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR DETAILS ON FILE FOR OPERATION "FEATHERBED"—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of pressing necessity concerning the security service file bearing the code name "Featherbed". I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Solicitor General advise the House whether the government has had knowledge of this file or played any part in setting it up, specifically whether the file includes details or certain surveillance of members of the news media as well as considerable information about one of the highest ranking members of the cabinet, and finally, whether any attempts have been made to destroy the file and the whereabouts of the file or copies thereof today.

Mr. Speaker: Such a motion can be presented for discussion pursuant to the Standing Order only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTED MEETING WITH PROVINCES TO SETTLE MILK MARKETING DIFFICULTIES—MOTION UNDER S.O. 43

Mr. John Wise (Elgin): Mr. Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Recognizing and respecting the fact that it is in the best interests of the dairy industry, producers and consumers alike, that the national dairy policy, with some modification, continue; however, in view of the fact that a very dangerous impasse has developed between the federal government and the fluid milk producers of Quebec and that in addition dissatisfaction continues throughout most of the participating provinces, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the Minister of Agriculture call together immediately a meeting of all provincial ministers of agriculture along with representatives of all provincial milk marketing boards to resolve these ongoing difficulties and to reach a decision which is mutually acceptable to all.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

REQUEST THAT BLACKOUT OF TELEVISION COVERAGE OF EDMONTON-VANCOUVER FOOTBALL GAME BE LIFTED—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise to move a motion on a matter which is urgent and pressing and which will occur this weekend. In view of the fact that all the tickets were sold out by 9.30 a.m. November 10 for the western final game of the Canadian Football League between the British Columbia Lions and the Edmonton Eskimos in Edmonton this Sunday, which means there is no justification whatsoever for any blackout of television coverage of this playoff game, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House request the Minister of Communications and the Secretary of State of Canada, who is responsible for the Canadian Broadcasting Corporation, to arrange with the Canadian Football League and the management of the Edmonton Eskimos to rescind immediately any blackout of television coverage so that people in communities such as Edmonton, Athabasca, Fort McMurray, Lac La Biche, Whitecourt, Hinton, Jasper, Leduc, Lacombe, and Wetaskiwin may watch this event along with other Canadians.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1417)

HEALTH

PROPOSED REFERENCE TO COMMITTEE OF LOSS OF MEDICAL DOCTORS TO UNITED STATES—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise on the provisions of Standing Order 43 on a matter of urgent and pressing necessity. From 1974 until 1977, Canada lost 1,500 medical school graduates to the United States. The cause of this emigration lies in the increasing frustration of Canadian doctors with governmental and bureaucratic interference in the medical profession on the federal and provincial levels as well as with the prospect of better income in the United States.

I move, seconded by the hon. member for Kootenay West (Mr. Brisco):

That this matter be referred to the Standing Committee on Health, Welfare and Social Affairs for study and report to the House.

Mr. Speaker: Order, please. Such motion can be presented to the House only with unanimous consent. Is there unanimous consent?

Some hon. Members: No!

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[*Translation*]

FINANCE

SUGGESTED REIMBURSEMENT OF TAX ON FUEL TO AID SMALL BUSINESS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I ask the unanimous consent of the House to present a motion on a matter of urgent and pressing necessity.

Since small and medium businesses in eastern Canada have a hard time competing with larger businesses located in large centres, and since those businesses use more diesel engines for their operations, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That the House recommend a partial reimbursement of the tax paid on such fuel in order to help small businesses to survive and to contribute to job creation.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CITIZENSHIP

PROPOSAL FOR INQUIRY TO STUDY DELAY IN DELIVERING CERTIFICATES—MOTION UNDER S.O. 43

Mr. Fernand E. Leblanc (Laurier): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity.

According to confidential information, it seems that thousands of applications for Canadian citizenship from ethnic groups are pending, and especially that the files of Quebeckers are knowingly and voluntarily withheld by some Ottawa officials, so as to deprive those future Canadians of a sacred right, the right to vote. I therefore move, seconded by the hon. member for Saint-Jean (Mr. Smith):

That an inquiry be immediately undertaken by the Secretary of State to clarify this deplorable situation and that action be taken against the officials found guilty of such a misdeed.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

Mr. Speaker: Order, please. Perhaps the House will agree that I will see the last questioner at five minutes past three. Oral questions.

ORAL QUESTION PERIOD

[*English*]

ANTI-INFLATION PROGRAM

REASON FOR BELIEVING LEVEL OF INFLATION NEXT YEAR WILL BE SIX PER CENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister. Figures released today by Statistics Canada show that inflation in 1977 so far is rising at an annual rate of more than nine per cent. As the Prime Minister knows, his government has proposed a six per cent wage ceiling this year and next year as far as our workers are

concerned. Since prices are rising so much faster than wages, is the Prime Minister aware that the average Canadian family may well lose $300 in buying power if it is held to a six per cent wage ceiling and inflation continues? If the Prime Minister is aware of this would he indicate to the House why he believes inflation will only be six per cent next year or does he not care if the Canadian worker loses such buying power?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we have indicated in the budgetary speeches and economic speeches that we expect next year the cost of living index will go up at a rate of six per cent or less. That is still our expectation. We do not take the pessimistic projection that the hon. member has in mind as being true.

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FINANCE

POSSIBILITY MANUFACTURING SALES TAX MIGHT BE RESCINDED

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I have a supplementary question for the Minister of Finance. Since the policies of this administration have led to the unique state of rising inflation and rising unemployment, would the Minister of Finance consider waiving the manufacturing sales tax that the government now imposes in order to encourage consumer demand and at the same time lower prices with respect to the predictions concerned?

● (1422)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we discussed the possibility with the provinces a few weeks ago of lowering—

Mr. Stevens: I was asking about the federal manufacturing tax.

Mr. Chrétien: We did discuss that and only the province of Ontario was willing to go along with the proposition that if the provinces were to cut their sales tax by one per cent we would help them with the other per cent, but there were no other takers. We have looked at the possibility of cutting the federal sales tax, but this was not judged a very good means because we were afraid that the benefits would not be passed on to the consumer. Instead of that, I have decided to cut, for January and February, income tax for people of medium and lower income by the amount of $100.

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ANTI-INFLATION PROGRAM

REQUEST FOR RECONSIDERATION OF DECISION TO ALLOW CONTROLS TO CONTINUE NEXT YEAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my final supplementary is again directed to the Minister of Finance, who must realize that as far as the federal manufacturing sales tax is concerned a rebate could certainly be made over the next six months. In view of the fact that we do have rising inflation, which would indicate that the controls program is not working—in fact, the controls program has been counter productive in that our jobless ranks are always swelling—would the Minister of Finance reconsider his decision to allow controls to continue well into next year and end controls at least before the end of this calendar year?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think that this would have exactly the opposite effect. Had it not been for controls in the last two years, we would be in an even worse position than we are now, and I do not think that the inflation indicator released today will make me change my mind as regards removing the controls by April 14. This confirms that I made the right decision when I made my speech on the economy.

* * *

[*English*]

FINANCE

PROPORTION OF INFLATION RESULTING FROM DEVALUATION OF DOLLAR—GOVERNMENT ACTION TO CORRECT BALANCE OF PAYMENTS PROBLEM

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance, and I am interested in his last reply. The Americans are doing much, much better without controls. My question is this. What have his officials told him in regard to what proportion of the current inflation is a result of the devaluation of the Canadian dollar?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is very difficult to know exactly what percentage of inflation at this time is due to the devaluation of the Canadian dollar. I do not know exactly how to quantify it, but it is certainly a factor. The report released this morning says, for instance, that higher housing costs are due to the rate increase in municipal and provincial taxes. And it is an area on which we have no control.

[*English*]

Mr. Gillies: A supplementary question, Mr. Speaker. Given the fact that his own officials have stated that probably about 25 per cent of our inflation rate is due to devaluation, what steps is the Minister of Finance taking to try to make Canadian industry more competitive or, indeed, to stop the continuing devaluation of the Canadian dollar? Has the minister talked to provincial governments about borrowing abroad? Has the minister considered any restrictions on travel abroad? What is the minister going to do to try to stop this balance of payments problem and the devaluation of the dollar which is contributing so much to our inflation and to unemployment?

Mr. Chrétien: Mr. Speaker, I should like the hon. member to read the speeches of two ministers of finance who are not

supposed to be necessarily my friends, the ministers of finance of Ontario and Quebec, who have said that devaluation of the dollar at this time was probably something which was good for the manufacturing sector of Canada.

Mr. Gillies: A final supplementary, Mr. Speaker. Perhaps the Minister of Finance did not understand my question, which was very simple. What is the minister going to do to improve the balance of payments problem and to stop the continuing devaluation of the dollar, which everybody knows is having an incredible effect upon the rate of inflation in this nation?

Mr. Chrétien: Mr. Speaker, I am very surprised that the hon. member does not understand that devaluation of the Canadian dollar is making Canadian products more competitive in the world. It is very basic to the economy. I would be very surprised if in the past he taught his students something else.

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ANTI-INFLATION PROGRAM

REQUEST WAGE INCREASES EQUAL INCREASE IN COST OF LIVING AND PROPOSED OIL PRICE INCREASE BE DENIED

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. No economic analysis group outside the government, whether we are talking about the Conference Board, U of T economists or labour groups, agrees that inflation will be held down to six per cent next year. In fact, most of them say it will be a minimum of eight per cent. The minister's own tax reduction of the grand sum of $100 will still mean, with the present rate of inflation, a net loss of $350 per family at the $15,000 level next year. The minister said a minute ago that he is prepared to gamble. Will he remove the gamble for Canadian workers, modify his program and permit increases in wages and salaries next year which will at least be commensurate with the cost of living?

• (1427)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think it would be appropriate to change our economic policy just now. I am of course disappointed with the rate of inflation for this month. On the other hand, I am sure this problem would have been a lot easier to solve if only we could have obtained last August the voluntary support of management and labour, which would have enabled Canada to gain a more favourable competitive position on world markets. Unfortunately we have been unable to convince labour to co-operate with us.

[*English*]

Mr. Broadbent: Mr. Speaker, the minister is at least consistent. Liberals never let facts get in the way of their policy. The government has already agreed that the oil companies will be permitted to increase the price of oil on January I by $1 a barrel. This will mean an increase in the cost for every Canadian who drives a car and heats a family home. As well, it will result in the loss of some 25,000 to 30,000 jobs on the basis of past experience. Will the minister take steps now to stop that January 1 increase in the price of oil?

Mr. Chrétien: Mr. Speaker, this policy was established a long time ago. At the time of the increase in oil prices by the OPEC nations, we decided that rather than Canadians having to take the brunt of it in one shot, we would phase in the increase over a period of years. That policy, which was approved by all parties in the House at that time, has to be lived with today.

Mr. Broadbent: Mr. Speaker, the minister is flatly wrong. The price increase was approved by his government. His government did that, not those on this side of the House. Will the minister confirm that the price increase will result in hundreds of millions of dollars in additional profit to the oil companies, something they do not need? Also, it will result in a one per cent increase in the cost of living and the loss of 25,000 to 30,000 jobs in the Canadian economy.

Mr. Chrétien: Mr. Speaker, I remember a premier from Saskatchewan by the name of Blakeney urging us not long ago to have the international price for oil.

Some hon. Members: Hear, hear!

Mr. Chrétien: Let the hon. member check with him.

* * *

• (1432)

[*Translation*]

AGRICULTURE

REASON FOR DELAY IN PAYMENT OF SUBSIDIES TO FLUID MILK PRODUCERS—GOVERNMENT POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is for—

Mr. Speaker: Order.

Mr. Caouette (Témiscamingue): Mr. Speaker, it seems very hard to obtain silence in this House or at least to get the ears of the hon. members.

I should like to put a question to the Minister of Agriculture or, in his absence, to his parliamentary secretary. As a result of the problems experienced by fluid milk producers who are having a hard time getting their subsidies since May, the chairman of the Canadian Dairy Commission wrote recently to my colleague from Kamouraska that as long as members of the federation were accused of false representations, those cheques would not be sent out.

Can the parliamentary secretary tell us whether the attitude of the government and the Canadian Dairy Commission has changed and what he intends to do in this specific instance?

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, following the many representations made by the hon. members on this side of the House, I am pleased to indicate that both federations, that is the Quebec Industrial Milk Producers Federation and the Canadian Dairy Commission have reached an agreement on the payment of subsidies. I must say also that this morning the cheques were mailed out for the months of May and June. The officials of the Commission are now in the process of figuring out the subsidies for the months of July, August and September. In about ten days, everything will have been straightened out and all producers will have been paid.

Mr. Caouette (Témiscamingue): Mr. Speaker, I wish to thank the Parliamentary Secretary to the Minister of Agriculture for his positive answer, even if it took over six months.

Could the parliamentary secretary tell the House whether those agreements entered into recently, either yesterday or today, with both federations are long-term agreements or whether the same problem is likely to crop up again tomorrow?

Mr. Caron: Mr. Speaker, I might tell the hon. member for Témiscamingue that these agreements are mainly the outcome of the negotiations conducted by members on this side of the House and not by members on the other side. I might add also that the federation got along very well with the Canadian Dairy Commission and that this agreement is applicable to the dairy policy for 1977-78.

* * *

[*English*]

FINANCE

DEVALUATION OF CANADIAN DOLLAR—GOVERNMENT ACTION

Mr. John Crosbie (St. John's West): A question for the Prime Minister, Mr. Speaker. The Minister of Industry, Trade and Commerce said last Tuesday in Winnipeg that the fall in the value of the Canadian dollar has been, and I quote "useful, and I hope it stays around for a while". And in the House last Wednesday he said this would help turn around the tourism deficit, correct our manufacturing problems and help our exports. I thought this attitude against the healthy Canadian dollar was a Horner hang-up until I heard the Minister of Finance express his views on the same subject. Is it the policy of the government to do all it can to devalue the Canadian dollar even further so as to strengthen the supposed virtues of an 89-cent dollar or is it the government's policy to fight the flight from the Canadian dollar?

Right Hon. P. E. Trudeau (Prime Minister): I can appreciate that the hon. member may have some difficulty in understanding the meaning of a devalued dollar but if he will refer to my speech during the debate on the Speech from the Throne he will find that I dealt with that matter at some length.

[Mr. Caouette (Témiscamingue).]

Mr. Crosbie: The Prime Minister was as clear in his answer today as he was in the speech he made during the debate on the Address, at which time he was pretty opaque. In view of the fact that according to the calculations of the Department of Finance the result of each one-cent decline in the value of the Canadian dollar in relation to the U.S. dollar is the addition to our cost of living of one-tenth of one per cent within a year, and since the cost of living is expected to rise by four per cent within the next year in consequence of the decline in the value of our dollar last year, would the right hon. gentleman explain in what way the lower value of the dollar will help decrease costs in the areas of manufacturing and tourism, to name two examples. In other words, does he not agree that dependence on a declining dollar would be self-defeating?

Mr. Trudeau: I repeat, Mr. Speaker, I dealt with this at some length but I will begin again and continue until you stop me. The hon. member will understand that the difficulty with industry in Canada, particularly the manufacturing sector, is that it is less productive than the United States manufacturing sector and that our costs are higher. Part of the policy of the government is to make sure our costs become more competitive with those of our main competitors. This is done by offering incentives on the positive side but it is also done by the money markets of the world making a judgment at some point with regard to Canada's high cost structure. When they make such judgment they sell the Canadian dollar short. When the Canadian dollar is worth less than the American dollar it means that our exports cost less to those who buy them, which makes us more competitive with other exporting nations.

Mr. Speaker: The danger of attempting to deal in the question period with matters of general policy ought now to be very evident. The hon. member might wish to put a specific supplementary.

Mr. Crosbie: Would the Prime Minister not agree that there is a grave danger that costs will only decline in the short term? Would he agree with the policy which was followed in 1963 when he and his comrades howled about the Diefendollar? Is this the Trudeaudollar?

Mr. Trudeau: I do not see the relevance of that question.

REASON FOR FAILURE TO INTRODUCE PRODUCTIVITY INCENTIVES FOR INDUSTRY

Hon. George Hees (Prince Edward-Hastings): Now that the howls of the unruly mob have subsided, I will put a question to the Prime Minister. It is a very specific question and I should like to get a specific answer. The Prime Minister has stated quite correctly on two occasions in this House during the first week in this present session, and again in Fredericton last week, that if this country is to pull itself out of the very serious economic situation in which we find ourselves today we must greatly improve our industrial productivity. Would he explain why there was no mention either in the economic presentation given by the Minister of Finance on

October 20 or since then of any plan to introduce productivity incentives for industry to be paid in direct proportion to productivity increases?

Right Hon. P. E. Trudeau (Prime Minister): If the hon. member refers to my contribution in the debate on the Speech from the Throne he will find that I dealt with this question of productivity and indicated, as I believe the Conference Board will indicate next week, that Canadian productivity is closing the gap vis-à-vis the United States; we are closing the gap and government policies must therefore be correct.

Some hon. Members: Hear, hear!

Mr. Trudeau: As to the second point: there are presently before the House fiscal measures in the name of the Minister of Finance which will have the effect of increasing productivity. They were debated yesterday and I believe they will be debated again tomorrow. I hope the opposition will understand this and enable us to dispose of these measures as soon as possible.

Mr. Hees: As the measures being discussed this week are only tax measures and have nothing to do with productivity incentives—

Some hon. Members: Oh!

Mr. Hees: —and since the Prime Minister's only contribution in the debate on the Speech from the Throne was to say over and over again that our productivity was 20 per cent below that of the United States and that steps must be taken to increase it, and since he has agreed with me both publicly and privately that this can only be done by introducing productivity incentives, I ask the right hon. gentleman when he intends to introduce such incentives. Does he propose to sit back and do nothing?

Mr. Trudeau: I think there is probably an honest difference of opinion between these two economists—the hon. member for Prince Edward-Hastings and myself.

Mr. Hees: Just make that one economist, Pierre!

Mr. Trudeau: The hon. member has just disqualified himself as an economist.

Some hon. Members: Oh, oh!

Mr. Trudeau: I can understand that, because in his comment on my previous answer he said tax measures could not be an incentive to productivity. There is an honest disagreement here because we believe tax measures can be helpful to productivity.

Mr. Speaker: The hon. member for Scarborough East.

Mr. Hees: You are taking him off the hook, Mr. Speaker.

Mr. Andras: You struck out, George!

EXTERNAL AFFAIRS

REQUEST FOR MEETING WITH MINISTER TO DISCUSS IMPRISONMENT OF ANATOLY SHCHARANSKY IN SOVIET UNION

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Will the minister agree to meet, as a matter of urgency, with members of the Parliamentary Helsinki Group to hear its plea that the Government of Canada through its delegation in Belgrade and in bilateral discussions with the U.S.S.R. express the extreme concern of Canadians about the imprisonment and impending trial of Anatoly Shcharansky and ask for the release of this man whose only crime was to appeal to the Soviet Union to live up to its pledges with regard to human rights under the Helsinki Agreement?

Some hon. Members: Hear, hear!

● (1442)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I would be more than pleased to meet with the committee which I understand is made up of members of the House from all parties, and if the hon. member and others would like to get together to work out a mutually satisfactory time I would be pleased to do that.

* * *

[*Translation*]

THE CONSTITUTION

REQUEST COMMISSION STUDY PROBLEM OF NATIONAL UNITY

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I have a question for the Prime Minister. I would like to know if the government is now willing to create a parliamentary committee composed of representatives of all political parties with a mandate to explore the issue of the Canadian constitution and national unity, since the Pepin-Robarts Commission has already done the larger part of its job. With regard to such a committee and the discussion of such issues, does the right hon. Prime Minister have in mind to give a role to play to the members of the House?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would like to do better than that. Instead of referring the constitutional issue to a parliamentary committee, I would rather refer it to Parliament. I wish to remind the hon. member the proposal that Her Majesty made in the Speech from the Throne when she announced that during the present session the government intended to propose some constitutional measures. We expect to do that as soon as the major part of the economic measures proposed by the government have been adopted by the House of Commons. We propose then to open the debates on the national unity and constitutional issues and I intend to refer these issues to Parliament at that time.

Mr. Grafftey: Mr. Speaker, I have a supplementary question. Does the Prime Minister sincerely believe that such a

committee could sit with similar committees from the provinces and that a joint dialogue with the provinces could enormously help the government in drafting these proposals?

Mr. Trudeau: I wonder if the hon. member has heard what I said. I never mentioned a committee, but I spoke only of the House itself, adding that the government meant to introduce in the House legislation or move a motion concerning the constitution, and that we hope that not only a committee of hon. members, but all elected representatives, hopefully including Progressive Conservative Party members might contribute some concrete ideas from their constitutional philosophy.

* * *

[*English*]

HOUSING

REQUEST FOR EXTENSION OF HOME INSULATION PROGRAM AND MAKING GRANT NON-TAXABLE

Mr. Stan Darling (Parry Sound-Muskoka): Thank you very much, Mr. Speaker. I should like to put a question to the Minister of State for Urban Affairs who I believe is behind the curtains.

An hon. Member: He is hiding.

Some hon. Members: Oh, oh!

An hon. Member: The private from Quebec should come out.

Mr. Darling: Mr. Speaker, is the Minister of State for Urban Affairs aware that because of the many complexities involved in the insulation program only 2,800 applications have been received, which is only 800 greater than the anticipated daily inflow? In view of this initial lack of response, is the minister prepared to step up the program and extend the eligibility date to 1931 to allow more Canadians to take advantage of the program?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker, this program is under consideration.

Mr. Darling: Mr. Speaker, in view of the serious lack of tax cuts so far available to Canadians, I wonder whether the minister would make an exception and make the available grants tax deductible for those living in Ontario as well as the other provinces, other than Prince Edward Island and Nova Scotia? Certainly, this would be an incentive. The program has not been too successful, as the minister will now concede, and I think it has cost $1 of every $3 in administration so far to get the grants to the public.

Mr. Ouellet: Mr. Speaker, I do not agree with the proposition put forward by the hon. member. I think it is much too early to come to the conclusion he has made about the merits of the program. It is an excellent program which is just starting, and I think the hon. member should be patient and wait for a little while before drawing conclusions about it.

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FINANCE

SUGGESTION FUNDS GENERATED BY OIL PRICE INCREASE BE USED TO REDUCE PRICE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Finance and it arises from an answer he gave to my leader, the hon. member for Oshawa-Whitby, in which he said the premier of Saskatchewan had advocated the world price for oil. In view of the fact that Premier Blakeney based that on the proposition that any increase over $8 per barrel would go into a national resources development fund, and in view of the fact the government has not followed that practice but, instead, has made the oil companies the beneficiaries of the price increases with the result that the government's own monitoring figures show that between 1971 and 1976 the cash generation was $13.3 billion but, after tax, profits were $6.7 billion, an increase of over 50 per cent, does the minister not think it clear that if the government is not going to put this extra money into a national resources development fund, it ought to be used to reduce the price to take some of the burden off the Canadian consumers?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. member is just confirming what I was saying, that the premier of Saskatchewan was, indeed, advocating international prices for oil. Of course, the hon. member is proposing to follow a different course in using the money, but this would not protect the consumer. In fact, since we did not go to the international price, we have been able to keep the price of oil and gas in Canada lower than the international price.

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ENERGY

OIL—USE BY COMPANIES OF FUNDS GENERATED BY PRICE INCREASE FOR EXPLORATION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the minister makes light of the point that the money is not going into exploration. The fact of the matter is—

An hon. Member: He did not say that.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The fact of the matter is that amount of money which has gone to the companies, according to the government's own monitoring survey, would indicate that whereas the petroleum industry in this country increased its domestic exploration by 104 per cent, it increased its foreign exploration by 568 per cent, an increase more than five times greater than the increase in Canada. In view of that, Mr. Speaker, is it not clear that because the

government's program of allowing the companies these very large windfalls has not resulted in increased exploration, the government should be prepared now to cancel the $1 increase per barrel which is to come on January 1 and the additional $1 increase on July 1, which will raise the price to $12.75 per barrel, with an increase in natural gas proportionately; to forgo those increases so as to relieve the consumers of Canada of, according to the commodity price index, an increase of 14.5 per cent.

Mr. Speaker: Order, please.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, perhaps I could reply briefly to a very long, very convoluted and, I believe, very misleading question. The point the hon. member seems to be trying to make is that as a result of the price increase, Canadian companies have been using that money to explore abroad. He has quoted some very selective figures. If he looks at the base upon which those figures were made, he will see that even with the increases he mentioned, the funds devoted by Canadian corporations to exploration outside Canada are still a very small fraction of their exploration expenditures. Close to 90 per cent of those expenditures are made in this country.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the minister's answer is completely deflated by a statement in his own publication "An Energy Strategy for Canada" at page 38 which points out, by the government's own figures—

Mr. Speaker: Order, please. The hon. member has been engaged in a fascinating debate up to now. However, it is the question period, and I think in his final supplementary he ought to stick to his question.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, based on the government's own statements that over the next five years the industry will have, after taxes and royalties, $3 billion a year, is it not perfectly clear that the oil industry has had a windfall and we are justified on this side of the House in urging that instead of continuing the increase—this largesse to the oil companies—we ought to forgo the $2 per barrel increase which is to come into effect in 1978?

Mr. Gillespie: Mr. Speaker, I believe the Canadian taxpayers would be better served if we were to receive a lot less rhetoric from the hon. member and a lot more action. The way in which I think he might be able to show some action would be to move expeditiously to get an agreement from his party to move quickly on the bill now placed before this House, the petroleum corporations monitoring act.

● (1452)

[*Translation*]

POSSIBILITY OF INCREASING EXPORT OF NATURAL GAS TO UNITED STATES AND USE OF TANKERS

Mr. Rosaire Gendron (Rivière-du-Loup-Témiscouata): Mr. Speaker, I would like to direct a question to the Minister of Energy, Mines and Resources.

Does the government intend to export more gas to the United States in exchange for more trade opportunities for Canadian products? If so, would the government also intend to ask that an equal volume of gas be made availabe for Canada out of U.S. sources? Second, is the minister favourably considering the possibility of transporting Canadian gas from the far north by methane tankers rather than by pipeline, thus permitting us to balance production with Canadian consumption and provide significant incentives to shipyards?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the National Energy Board report, "Reasons for Decision", raised the possibility that it might be in Canadian interests to accelerate the deliveries of natural gas against existing contracts, or to make deliveries against future time swaps for American Prudhoe Bay gas. At no time am I aware that they have suggested we should increase, in any total sense, our gas exports to the United States.

I believe there may well be merits in the predelivery or swap arrangements. I do not believe it has been demonstrated that there will be any merit in increasing in total terms the export of Canadian gas at this time. Of course, it will depend upon whether the United States wants to make an application. So far no application has been made through the National Energy Board, either on a time swap basis or on an accelerated delivery basis.

As to the question of gas reserves from the high Arctic and from the eastern regions of this country, it is very likely that there will be an application placed before the National Energy Board which will seek to receive a certificate of public convenience and necessity for the building of such a pipeline. Also it is possible, it seems to me, from reading and talking to various officials, that we may be looking at a proposal with respect to liquefied natural gas from the high Arctic. Most of these projects—

Mr. Paproski: Order.

Mr. Hees: Order.

Mr. Speaker: Order, please.

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NATIONAL SECURITY

MACKENZIE REPORT—REQUEST FOR DETAILS OF UNPUBLISHED PORTIONS OF REPORT

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, in the absence of the Solicitor General, may I direct my question to the Prime Minister. It relates to those parts of the 1969 Mackenzie Royal Commission Report which were not published, for security reasons. Did this unpublished material of the 1969 Mackenzie Commission deal with security forces methods and procedures as they related to such matters as interception of mail, surveillance of individuals and political parties, source 300 and so on?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will remind the House and the hon. member that the published version of the Mackenzie report was published by the Mackenzie commissioners themselves. They decided to edit out those parts, which were very sensitive in terms of security, from the report to the government. Therefore, obviously it would be impossible for me to tell the hon. member what in detail was edited out, because it was edited out for reasons of security by the commissioners themselves and not by the government. From the general tenure of my answer, the hon. member can assume that what was edited out—and the commission said so itself—were those facts, figures and data which had to do with very sensitive security matters, and not with the general question of government responsibility.

MACKENZIE REPORT—FAMILIARITY OF TWO PREVIOUS SOLICITORS GENERAL WITH CONTENTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question has as its basis the fact that I believe there was available to the government the unedited report. Therefore, my supplementary question to the Prime Minister is: does he know whether the present Solicitor General and his two predecessors read either the unedited or unreleased portions of the Mackenzie report in order to be fully briefed on the security matters contained therein, after they were appointed to their respective cabinet offices?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know for a fact whether they did or not, but I assume they did. In so far as the question is relevant, I will assure myself that the answer is correct.

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ENVIRONMENTAL AFFAIRS

POSSIBILITY OF REACTIVATION OF APPLICATION FOR OIL PORT AT KITIMAT AND REFERENCE TO THOMPSON COMMISSION

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Minister of State for the Environment. Yesterday the hon. minister advised the House that he did not know of any intention on the part of the Kitimat consortium to reactivate the application for a Kitimat oil port which was before the National Energy Board. Yet, as the minister knows, immediately after the cessation of the Thompson inquiry into tanker routes and oil generally, there were newspaper reports indicating that the consortium would reapply. Can the minister now tell the House whether, to his knowledge or to the knowledge of the government, there is now going to be a reactivation of that application before the National Energy Board?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, not to my knowledge. Perhaps the question could be more appropriately directed to my colleague, the hon. Minister of Energy, Mines and Resources.

[Mr. Jarvis.]

Mr. Fraser: Mr. Speaker, I will put this question to anyone who has the answer.

Mr. Gillies: That is nobody.

Mr. Fraser: Primarily I put the question to the Minister of State for the Environment because this is an environmental problem. Can the minister assure this House that no application before the National Energy Board for an oil port at Kitimat will be approved without the reactivation and the finalization of the Thompson inquiry or a similar inquiry? If anything less than that should happen, then the entire thing has been a wasteful, expensive sham.

Some hon. Members: Hear, hear!

Mr. Marchand: Mr. Speaker, there is provision that the Thompson inquiry can be reactivated, but at this point it is hypothetical. As I indicated to the hon. member for Esquimalt-Saanich yesterday, until there is a serious application before the board and we can see what the parameters of that application are, there is not really very much we can say. It is fair to say that the government indicated its intention to hold public inquiries relating to the application for a Kitimat pipeline when it established the Thompson inquiry.

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FISHERIES

DATE OF ANNOUNCEMENT OF DEVELOPMENT PLAN FOR SURPLUS STOCKS IN ATLANTIC

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the hon. Minister of Fisheries and the Environment. For the past two months the government of Newfoundland and the government of Nova Scotia have been proposing a fisheries development plan for Atlantic Canada costing an estimated $900 million over the next ten years, or less than $100 million a year. First, I should like to ask the hon. minister if he has seen this plan. If so, in light of the uncertainty which prevails both among the inshore fishermen, as well as the offshore fishermen in Atlantic Canada, over the six species which are presently being given away as surplus stocks, when can we anticipate an announcement from the minister as to his development plan that will enable Canadian fishermen to take advantage of these surplus stocks?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, in order to answer the hon. member's question very quickly, I have not seen this plan. I have seen press clippings from the Halifax and Newfoundland newspapers. I am sure the hon. member is very well informed on these matters and would not want to mislead the House. Most of the species which are not taken by Canadian fishermen are in fact species for which there has been very little market in the past and at the present time. I am thinking of species like capelin, round nosed grenadier, silver hake and Argentines, which are not easily commercially exploitable or have not been in the past. Of course, we are making efforts to do this.

Mr. Forrestall: Oh, oh!

Mr. LeBlanc (Westmorland-Kent): If the hon. member listens, he might learn something about fisheries. A lot of the misrepresentations on this issue assume that we have given away stocks in which Canada is interested. In fact, if the hon. member and all hon. members look at the figures, they will see that Canada's share of traditional fisheries has increased dramatically. We are keeping the fishing effort low for restoration of the stocks, and we are trying to find new markets for those stocks which we have not traditionally used.

● (1502)

Mr. Crouse: Mr. Speaker, I am sure that the minister would not want to mislead the House. In truth Canada at the present time does not have any capability whatsoever for catching the six species which were mentioned, namely, round nosed grenadier, silver hake, offshore mackerel, capelin, squid and Argentine. I know that the minister realizes there is a market in Japan for all the squid we can catch. I would like to ask the minister when we can anticipate an announcement by the minister that we will start on a program of building freezer trawlers in order to catch some of the stocks which the minister is now declaring as surplus. Is the minister going to continue to give them away to foreigners forever?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, if the hon. member looks at the squid market he will discover what I have feared from the very beginning, that a very heavy and dramatic development in the fishery in one season would create market difficulties, and it already has. As for the other species which Canada has not traditionally caught, if we find that the economics of vessels for catching these fish are such that they are justified, of course we will go ahead, but at the moment—and the hon. member knows this—the whole offshore fleet is just now beginning to be economic. That is a fleet which was being disastrously affected by the condition of the stocks. Surely, he is not advocating that we add another disaster to the disasters we have almost had and prevented by our actions since 1974.

Some hon. Members: Hear, hear!

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ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR DETAILS OF FILE ON OPERATION "FEATHERBED"

Mr. Tom Cossitt (Leeds): Mr. Speaker, in the absence of the Solicitor General I would like to direct my question to the Prime Minister. Will the Prime Minister tell the House what knowledge the government has of a security service file labelled "Featherbed", any part the government played in setting up that file and whether it includes details of surveillance of members of the news media and information about one of the highest ranking members of the government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have never heard of it, but I am sure it is misnamed if it applies to the media. I am sure they are not featherbedders. I am surprised the hon. member would repeat this calumny.

Mr. Cossitt: Mr. Speaker, I expected a rather flippant answer, as usual. Have attempts been made by anyone in the government to have this file destroyed since the Prime Minister entered the cabinet, and have any of his current remarks on the security situation in Canada been in any way influenced by the existence of the featherbed file?

Mr. Trudeau: Mr. Speaker, I told the hon. member that I have never heard of the file.

An hon. Member: How about "waterbed"?

Some hon. Members: Oh, oh!

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EXTERNAL AFFAIRS

POSSIBLE USE OF PEACEKEEPING FORCE IN SOUTHERN LEBANON—CANADIAN PARTICIPATION

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, my question is to the Secretary of State for External Affairs. As the minister has just returned from the Middle East, would he advise the House if any discussions took place regarding the use of a United Nations peacekeeping force in Southern Lebanon and if any commitment was made as to Canadian participation in such an operation?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, there were a number of discussions, not only with representatives of various governments in the area but also with representatives of the peacekeeping force themselves, about the possibility of some involvement in peacekeeping in southern Lebanon, but these were of a very general nature, and there was no commitment made other than to say that, as we have always done, if there were a very specific proposal put to us, of course we would be glad to deal with it sympathetically.

Because this is the first time I have had an opportunity to give an answer, may I just add that I was pleased to visit with the Canadian forces who are in the peacekeeping service, and I can tell the people that they have every reason to be very proud of them.

Some hon. Members: Hear, hear!

Mr. Patterson: In view of the serious situation in Southern Lebanon, is the minister intending to recommend any new initiatives to the United Nations and, if so, what is the nature of those proposals?

Mr. Jamieson: I do not believe any special or new initiative would serve much useful purpose at the moment. The activities presently under way, as I was glad to note and as I am sure all

hon. members were yesterday, may very well bring the Prime Minister of Israel and the President of Egypt together. This, it seems to me, as a further move toward a resumption of the Geneva peacekeeping talks is by far the best thing we ought to, and can, encourage at the present time.

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HOUSE OF COMMONS

ALLEGED "BUGGING" OF MEMBERS' OFFICES—STATEMENT BY MR. SPEAKER ON INVESTIGATION

Mr. Speaker: Order, please. As I have already indicated to the House, I received advice by letter dated November 3, 1977, from the Leader of the Opposition that a discovery had been made by consultants retained by him that a telephone in the offices of the Leader of the Opposition had been altered in such a way as to make it capable of becoming an eavesdropping device. I asked that the equipment be examined by experts from Bell Canada. I received their report yesterday. While there is some disagreement with respect to the manner in which the device could be used, there is agreement that the telephone had at some time been altered so that it could have been capable of use as an eavesdropping device.

I will not attempt to paraphrase the reports, because in our conversation yesterday afternoon the Leader of the Opposition and I agreed that both reports ought to be tabled, and I will do so immediately. We also agreed that I ought forthwith to invite the Ottawa police to extend the investigation in which they are presently involved to include this occurrence, and I am instructing them accordingly.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, do I understand that these reports having been tabled, the government could look at them and debate them at some point?

Mr. Speaker: I have attempted to make sufficient copies available because of the level of interest there would be, so that interested members might have an opportunity to examine them. It is difficult for me to see now whether we ought to attempt to discuss these during the course of the investigation or wait until the police investigation is in a more complete state.

However, I do recognize that all hon. members have an interest in the matter, and if there is to be some suggestion that a discussion might take place at any time after hon. members have had an opportunity to examine these reports, I will of course be pleased to hear suggestions as to whether it ought to take place during the course of the investigation or wait until its conclusion.

Mr. Trudeau: Mr. Speaker, we will gladly have our House leader discuss the opportunity for a debate now or later with the House leaders of the opposition parties, and subject to Your Honour's decision on timing, we would agree as to when the debate might take place. At the same time, may I ask if Your Honour intends to table the report on the so-called bugging device which was found in the office of the hon. member for Central Nova, so we can debate that as well at the appropriate time?

Mr. Speaker: I had not given that any thought, but not out of any reluctance to table it. The report of the consultants with regard to that occurrence was made available to me, and in turn our preliminary investigative report was made available by me to the hon. member for Central Nova. Both reports have been turned over to the police. I would think there would likely be no objection to tabling them in the same manner as we have just adopted. The hon. member for Central Nova is here and is indicating that he has no objection, so perhaps as soon as it is reasonably possible to do so, we will arrange to table the sets of documents with respect to that matter as well.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, because of the interest involved, I wonder if it would be in order to have the reports attached as an appendix to today's *Hansard*, since I am sure that thousands of people would want to read them.

Mr. Speaker: Order, please. Neither document tabled today is overly lengthy. I think the report enclosed in the letter of the Leader of the Opposition is about three pages in length, as is the one from the Bell Canada experts. Perhaps if there is a disposition in the House, it would be agreed and now ordered that these documents be printed in *Hansard* as if they had been read.

● (1512)

Some hon. Members: Agreed.

Mr. Speaker: Agreed, and so ordered.

[*Editor's Note: For reports referred to, see appendices.*]

Mr. Hugh Poulin (Ottawa Centre): I rise on a point of order, Mr. Speaker. In order that all eventualities may be examined, I wonder if in your instructions to the Ottawa police Your Honour could also instruct them to continue their investigation including section 128 of the Criminal Code. The general tenor of it is to cause an investigation with respect to public mischief. We should get all the investigative matters taken care of by the Ottawa city police while they are investigating to see whether a criminal offence has been committed. If there has not, there may well be an offence under section 128, public mischief. I would suggest that Your Honour so advise the city police—

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, in view of the very responsible way in which you have handled this investigation, the intervention of the hon. member for Ottawa Centre is an abuse of the privileges of this House. It is very interesting, if you review the history of this matter, that the hon. member himself made a suggestion some time ago that this investigation should be put into the hands of the Ottawa police. Now, by suggesting there is some doubt on the

extent of their investigation, he is casting doubt on the ability of the Ottawa police to conduct the investigation.

I must say, although I have not said so before on the record, that I hope the House—I can say that this is the case on this side of the House—is content with the Ottawa police carrying out the investigation. We are content, as well, with the way in which Your Honour has proceeded with respect to this matter.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I have indicated on previous occasions the difficulty of attempting to make interventions in this manner during the course of the investigation. It may be necessary to do so, but in light of the suggestion a short time ago by the Prime Minister that discussions be held on whether or not an appropriate time should be set aside soon for discussion of this matter, perhaps hon. members will agree that any further discussion on it ought to wait until those discussions take place.

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PRIVILEGE

MR. MARTIN—COMMENTS MADE IN STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I rise on a question of privilege, flowing from your ruling yesterday, relating to certain proceedings that took place this morning in the Standing Committee on Public Accounts involving some comments made at that time by my hon. colleague, the hon. member for Northumberland-Durham. I think it has been evident for some time that there has been concern within that committee with respect to certain matters relating to the sale of nuclear reactors and agents' fees associated therewith. This has been going on for a year or more. I should like to quote—

Mr. Speaker: Order, please. I think I ought to remind the hon. member that he can reserve his right to argue this matter further, but the House has always made a practice of never taking into account proceedings in the standing committees until they are reported to the House. The simple reason for this is that the committees are deemed to be masters of their own procedures. I think it is felt, therefore, with great wisdom, that the committees ought themselves to attempt to iron out any procedural difficulties they may have.

Members are able to take steps within the committee which would form part of the report that would be reported back to the House and would be the basis for some action at that time. It is a very dangerous precedent for the Chair to attempt to rule on activities that have taken place in committee, or for the House to direct its attention to events that have taken place in committees prior to those events being reported in the usual way by the committees. Unless there is some clear reason for doing so now, which the hon. member could explain to me at the outset, I would not want to entertain a question of privilege of the type he is now raising.

Mr. Martin: Mr. Speaker, I would be very pleased to quote immediately the extract in question and leave it in your good hands as to whether a question of privilege exists.

Mr. Speaker: Order, please. I think the hon. member misunderstands me. I am not concerned about what in fact happened. I am concerned about the hon. member being able to explain to me that, no matter what happened, the House ought to direct its attention to events in committees before those events are reported. I would need some persuasion on that point before I would ever look at or hear what took place.

Mr. Martin: Mr. Speaker, I would simply say, in view of the importance of your ruling yesterday, that it seems to me we are breaking new ground. I feel that before committees move any further we should have some clear ideas of the application of the ruling in this House to the committees.

Mr. Speaker: Order, please. The hon. member will want to consult the record. I did make, I hope, some elucidating remarks about that ruling at the outset of today's session. With respect to the content of motions and practices related to motions, perhaps the hon. member might want to take an opportunity—I have confronted him with an argument that I am sure he had not prepared for today—to examine my remarks today, and also examine the precedents in respect of taking into account proceedings of committees before they are reported. After examining both of those, if the hon. member still has a question that he wishes to raise, of course I will respect his right to raise it.

* * *

Mr. Stollery: Mr. Speaker, I wish to raise a point of order which refers to the fact that earlier this afternoon Your Honour decided differently than you did yesterday on the question of privilege raised by the right hon. Prime Minister with regard to the motion under Standing Order 43 that was put by the right hon. member for Prince Albert. I should like to bring it to Your Honour's attention that as the right hon. Prime Minister apologized to the House yesterday for his comments—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Spadina is making an assumption that is not correct. I was not in any way reopening a decision I took yesterday, and I thought I was at great pains to set that on the record today. As a result of checking yesterday's *Hansard* and re-examining the comment that was put forward, which I had set aside, by the right hon. Prime Minister yesterday, I did indicate that perhaps, in the circumstances, I had moved quickly in setting that aside and other considerations might have been taken into account, which I set on the record. I did that in order to make sure the House had proper guidance for future events. It was not in any way an attempt to second-guess my own decision of yesterday. I have no intention or desire of doing that at all.

Mr. Trudeau: Mr. Speaker, I agree with Your Honour that it would be extremely unwise to second-guess oneself the next

day. I thought the right hon. member for Prince Albert, since he professes such great respect for this House, and now that he knows what the rules are, would withdraw his scurrilous and unparliamentary language that he—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, I have noticed in the last hour or so that government members have howled down members of the opposition. I do not intend to be howled down by anybody.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: However, I must say that I apologize for the fact that over the years I have had that regard for the Prime Minister whose petulance recently has indicated that something has gone wrong with him.

Mr. Trudeau: Not very good. No guts.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, questions Nos. 64, 134, 245 and 338 will be answered today.

I ask, Mr. Speaker, that the other questions be allowed to stand.

Mr. Speaker: Are the other questions allowed to stand?

Some hon. Members: Agreed.

[*Text*]

NCC—LANGUAGE REQUIREMENTS FOR POSITION OF PLANNER

Question No. 64—**Mr. Jones:**

1. Is French the only essential language required for the position of planner to participate in the preparation of policies and recommendations relating to the National Capital Commission's involvement in recreation, conservation and other land uses and, if so, for what reason?

2. Who is responsible for the writing of the advertisements for personnel in the National Capital Commission and what are their qualifications?

3. Are such advertisments written in French and then translated to English for the English newspapers?

Hon. André Ouellet (Minister of State for Urban Affairs): 1. No. Some planning positions require English, some French and some require use of both official languages.

2. Mr. A. H. Stevenson, Assistant General Manager, Administration, is the senior staff member responsible. Mr. Stevenson has 25 years experience in personnel administration work.

[Mr. Trudeau.]

3. Advertisements are normally prepared in both official languages.

NATIONAL DEFENCE STRENGTH

Question No. 134—**Mr. McKinnon:**

1. What was the (a) regular (b) reserve (c) civilian strength of the Department of National Defence as of October 1, 1977?

2. What was the (a) military (b) civilian strength of National Defence Headquarters as of October 1, 1977?

Hon. Barney Danson (Minister of National Defence): 1. (a) 78,447; (b) 22,653; (c) 39,234 (this includes 5,744 term employees).

2. (a) 3,003; (b) 3,969.

NUMBER OF PERSONS UNDER CONTRACT TO URANIUM CANADA LIMITED

Question No. 245—**Mr. McKenzie:**

1. What is the total number of persons under contract to Uranium Canada Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Uranium Canada Limited reports as follows: 1. Nil.

2. Not applicable.

URANIUM CANADA LIMITED—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 338—**Mr. McKenzie:**

1. Has the Uranium Canada Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Uranium Canada Ltd. in (i) 1975 (ii) 1976?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Uranium Canada Limited reports as follows: 1. (a) and (b) Nil.

2 and 3. Not applicable.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised on the adjournment motion at 6 p.m. are as follows: the hon. member for Parkdale (Mr. Haidasz)—Health; the hon. member for Central Nova (Mr. MacKay)—Income Tax Act; the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—Regional Economic Expansion.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NON-CONFIDENCE MOTION—ALLEGED FAILURE OF MINISTERS TO ACCEPT RESPONSIBILITY FOR METHODS USED BY SECURITY FORCES

Mr. Joe Clark (Leader of the Opposition) moved:

—That this House has no confidence in the competence or desire of this government to follow the principle of ministerial responsibility, particularly as it applies to the direction of and methods used by the government security forces, and deeply regrets its unwillingness to allow a committee of this House to study the role of Ministers in security operations.

Mr. Speaker: Order, please. Hon. members will recall that, pursuant to Standing Order 32, not later than 10.15 this evening every motion necessary to dispose of these proceedings shall be put forthwith, in accordance with Standing Order 58(9).

● (1522)

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I might say, before beginning my remarks, that I am very pleased to have placed on the record of the House of Commons and on the table of the House the documents referred to by Your Honour immediately prior to the commencement of this debate. I must also say that I welcome the suggestion by the Prime Minister (Mr. Trudeau) that there be a debate on these matters after the requisite investigations by the police of the city of Ottawa are carried out. We certainly look forward to that. Indeed, we think there are a number of matters which should be debated—

Mr. Deputy Speaker: Order, please. I am not sure that the Leader of the Opposition is taking the right moment to raise these points.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The Leader of the Opposition will agree with me that this is an opposition day. We have a motion in front of us which has nothing to do with the inquiry which is to be held. If he does open the debate to the point put forward by the Speaker of the House, I think it goes beyond the administration of the government. As I read the motion in front of me, it concerns the authority and the will of the government to control security in this country, not necessarily control the House of Commons and the workings of the House of Commons.

Mr. Clark: Mr. Speaker, I would, of course, never dispute your ruling in this matter. I was simply, as is a well-established custom in this House, warming up to my remarks.

Mrs. Holt: It does take a while.

Mr. Clark: I am told by the hon. member for Vancouver-Kingsway (Mrs. Holt) that it takes a while. It has certainly taken her some while.

I think it appropriate, as we begin this debate on the motion now before the House of Commons, to note the quite surprising change in atmosphere evident today on the government side, particularly after the Prime Minister of Canada was forced, with his customary graciousness, to withdraw remarks which he made yesterday. I think it is clear to us all how painful it is for the Prime Minister to have to admit that he was wrong. I think it would be quite appropriate for me to say, on this first anniversary of the election in the province of Quebec of a government formed by a party which the Prime Minister declared dead, that the Prime Minister had better get used to the pain of being wrong.

As Your Honour knows, this is the first allotted day in this new session, and there are a number of matters which we on this side of the House could have chosen to raise in this debate. Current economic problems are serious and they show no sign of improving under the policies of this government. We have very serious problems in regard to national unity in this country, problems which were dramatized one year ago today by the election of the Parti Québécois government, as well as problems regarding which there has been a signal lack of positive response or initiative by the government of Canada in the intervening years.

All of these, sir, are very important questions which could have commanded our attention on this day, but we have decided that it is of utmost importance for this parliament to deal today with the fundamental question of ministerial responsibility and with the refusal of ministers on the other side of this House to accept their responsibility in matters relating to the national security activities of the government of Canada.

I raised this matter in an adjournment debate a week ago. My colleague, the leader of the New Democratic Party, attempted to raise a similar matter yesterday, on privilege. It is a matter which is of fundamental importance to the House. I will not repeat the number of learned authorities which have been cited previously, because I think that the House of Commons accepts the practice of parliament both in the past and today that a minister cannot blame his officials when things go wrong, that the people who are responsible are the ministers of the Crown, not their officials.

We raise this point, Mr. Speaker, because if we destroy that principle of ministerial responsibility we destroy the system of government which we have in this country. Our system says that the people of Canada elect members of parliament. Some members of parliament become members of the government, ministers of the Crown, but they answer to the rest of us for all—I emphasize the word "all"—the actions of the government.

The signal fact which has become clear in these last days is that these ministers will not answer for the actions of their government when those actions have been in violation of the law and practice of this country. I remind the House of what has gone on in the last couple of weeks. The Minister of Consumer and Corporate Affairs (Mr. Allmand), the man who was solicitor general of Canada at the time of the break-in in 1973, sat silent in his place throughout the long debate when this matter was first raised under special order of this House.

In the case of the APLQ break-in, the Minister of Supply and Services (Mr. Goyer), the solicitor general of that day, deliberately declined to ask questions which he should have asked and which he knew he should have asked, because he wanted to remain technically ignorant of matters which he had a responsibility to know about. The present Solicitor General (Mr. Fox) admits that he has regular briefings, but he never seems to be told anything. We do not know, of course, what kind of questions the minister asks, and we might never know in this parliament because the cabinet refuses to tell the House of Commons anything.

Now, sir, in a very ominous development the government has prepared the way to give the royal commission of inquiry only a limited story, a partial story, as to the role of ministers in this affair. As reported at page 684 of *Hansard*, when answering my questions about the nature of testimony concerning the role of ministers to be given to the McDonald royal commission of inquiry, the Prime Minister had this to say:

—there may be some areas which must be kept secret and we would be guided by the law officers of the Crown in that regard.

Two things are important here, Mr. Speaker. One minor matter, except that it falls into the pattern, is that the government itself is not even accepting the responsibility of saying what should be secret and what should not be secret. It is passing that responsibility on to public servants so that the government can blame them if they are found out to be wrong. But what is more ominous, because it raises questions about the adequacy of the evidence before the McDonald royal commission, is that the government of Canada is preparing the way to limit the testimony which it gives concerning the role of ministers of the Crown in all these activities.

In any event, Mr. Speaker, in our system ministers have a larger duty than just to ask occasional questions at briefings. Ministers have a duty to oversee the general work of their departments. This matter has been debated before, so I will quote my colleague, the hon. member for Halifax (Mr. Stanfield), who in 1969, when the Mackenzie report was tabled in the House, had this to say:

It would be completely unacceptable for the House to have the security operations of this country put beyond the knowledge of the Prime Minister or the responsible minister of the government.

That makes clear the fact that ministers have an obligation to ensure that they know what is going on. The Prime Minister, as usual, has tried to draw attention away from that responsibility of his ministers. On November 2, as reported at page 563 of *Hansard*, he pretended, when we asked him questions about general supervision of what the security service was doing, that he was being asked to begin monitoring the day to day operations of the police, asking them about their information, how they got it and who they got it from. Well, sir, no one has asked that. No one would. But the point is that there is a lot of room between reading every file and knowing nothing at all.

● (1532)

As the distinguished journalist, Mr. W. A. Wilson, has pointed out, the present Solicitor General has apparently been limiting his own questions to security officials by the form in which he puts them. I quote Mr. Wilson:

By the form of his questions stipulating acts that "ought to be brought to my attention," Mr. Fox left it to the RCMP to decide what he should know.

They may have been guilty of very bad judgment in saying no, but that is not the same thing as lying to their minister.

The point is of great importance because, according to his own statements, Mr. Fox has been doing exactly what most of his predecessors seem to have done: he has been leaving the vital decision to the force and its security service.

Mr. Wilson goes on to reach this conclusion:

Ministers have been derelict in their duty to supervise.

That is a conclusion which all fair-minded Canadians would share.

Some hon. Members: Hear, hear!

Mr. Clark: As I was reading that quotation I heard the Solicitor General shout across the House, "Was Mr. Wilson there? Was he in at the briefings?" No, he was not there. Neither was any member of this House of Commons there. Neither do any of us know what went on in those briefings between the minister and security officials; and the minister himself is certainly not going to tell us. He says, "If anybody has any business to know about that, it is the McDonald commission," and he will tell them a partial story because he has been given a cover to tell them a partial story by the Prime Minister of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: What is particularly alarming about this new practice is that when ministers do not accept responsibility themselves, then, sir, they go on and blame their civil servants. They do it directly or they do it implicitly. In this case, the impression is conveyed that the only culprits are the civil servants who actually broke the law, or else the civil servants who did not take the initiative to brief ministers, including ministers—for example, the Minister of Supply and Services who deliberately asked limited questions or in the case of ministers who asked no questions at all.

The line the government is putting out is that the people in the field are the culprits, the people who carried out the policy. But, sir, what about the ministers who set the policy? What about the ministers who have a duty to supervise policy? In our system they, too, are responsible. Indeed, they, above all, are responsible for what is done by the public servants under their direction. But this government is doing everything it can to protect the ministers and to blame the civil servants—whether those civil servants are Mounties, members of the security service or whatever.

What must alarm this House, what threatens the very basis of our system of responsible government, is that this is not the first time ministers of this government have blamed civil servants in order to escape responsibility themselves. In the case of the Lockheed affair, the government of Canada accepted millions of dollars of obligations on the basis that it had an oral agreement with Lockheed that would provide interim financing. The minister responsible for drafting the contract complained that one public servant did not reveal that it was simply an oral agreement. He blamed it on the public servant and, in so doing, seemed to suggest that this person, this public servant, stood between the minister and knowledge of: first, what was going on in an interdepartmental task force; second, what was going on in the head of his colleague, the then minister of national defence; and third, what was going on in the entire defence structure of the government of Canada. That was all the fault of one civil servant: it was not the minister's fault, of course!

We saw it again in the case of Atomic Energy of Canada where the minister responsible ducked, ran and tried to leave responsibility fully with civil servants. We saw in the Rudnicki affair. I remind the House that Mr. Rudnicki was fired from Central Mortgage and Housing Corporation for the stated reason of showing a cabinet document to the Native Council of Canada, the group for whom he was supposed to be working. He was finally exonerated by the courts after a trial which indicated that the confusion about the document was the fault of his superiors. But the victim was the civil servant on the scene.

Now, sir, now it is the Royal Canadian Mounted Police who are being blamed for the actions of this government.

An hon. Member: The government is shameless.

Mr. Clark: This government has adopted the deliberate strategy throughout the last couple of weeks that whenever questions are raised about the role of ministers or, particularly, about the role of the security service, it pretends those questions are an attack on the RCMP. It is important, once again, to make the distinction clear between the security service and the ordinary member of the RCMP. The security service is run by a director-general who does not come from the force and who has the authority to report directly to the Prime Minister of Canada and to the Solicitor General of Canada. There is a very real question as to whether the actions of the security service are within the control of the Commissioner of the RCMP.

I want to make it clear, sir, because I think it is very important to emphasize that this mechanism, this security service is put into the RCMP under a director-general who is controllable in all matters by the Commissioner of the RCMP. That mechanism was established by this government. The security service was not the choice of the police, but the choice of this government. The security service is probably not controllable by the police, but it is certainly controllable by this government, particularly by the Solicitor General and the Prime Minister of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: The point stands and remains that whatever the agency, these are civil servants who are acting under the direction of the government of Canada. The illegal actions we have heard about in the last several weeks did not just happen. They were not the result of a wild night on the town. They were done because civil servants thought they had orders to do them.

In his remarks on October 28 in this House, the Solicitor General referred to what he called the "political and social climate prevailing in 1973". I think it would be very worth while to examine that climate. Let us remember, sir, that we are speaking of 1973—not 1970. In the fall of 1970, the government believed there was a state of what was called at the time "apprehended insurrection" in the country. That view, presumably, led the government to give one set of orders to security officers which had to do with the FLQ. But that climate had changed markedly between the fall of 1970 and January of 1973. The Solicitor General might not think so, but his colleague, the Minister of National Health and Welfare (Miss Bégin), stated the reality which most Canadians accept when she said at Carleton University with reference to that time, January, 1973:

> There is no way somebody is going to tell me that as a Quebecker there was a state of national emergency somewhere in Quebec and some threats to God knows what. I never perceived anything like that.

The point is this: just as she did not perceive any unusual political climate at that time, neither did anybody else. The question is whether the government of Canada, the political minister who had sounded the alert in the fall of 1970, did their duty and changed their policy instructions to the security service in the time between the October crisis and the break-in in January, 1973. Let there be no mistake about this: the ministers of the Crown had a duty to tell the security service that the mandate had changed because the climate had changed.

Some hon. Members: Hear, hear!

Mr. Clark: It appears the ministers did not perform that duty, so the security service acted on the existing instructions. Now the members of that security service are being left alone to carry the consequences. When he first revealed what he thought was then the latest series of illegalities, the Solicitor General talked about the dilemma that exists in a free society, the dilemma of imbalance between the right to know and the

need for secrecy involved in any kind of security activities. That is a very genuine and important dilemma. It is one I would welcome the opportunity to have this House discuss.

● (1542)

We in this House of Commons have two more immediate obligations. The first is an obligation to find out what went wrong, particularly since we are the group to whom ministers of the Crown are responsible. We have a duty and an obligation to find out what was the role of the ministers, what did they do, what did they know, what questions should they have asked that they did not ask? The second obligation is to ensure that some means is established to guarantee that in the future security activities of the government of Canada are bound and guided by policy directions which come ultimately from duly elected persons.

Concerning the first obligation, we need a means to ensure that information about the role of ministers is not covered up or hidden away. The government argues that the McDonald royal commission will inquire into that question. We believe their terms of reference will not allow the kind of inquiry that is required into the role of ministers. We believe there is not a mandatory requirement in those terms of reference to require the McDonald royal commission to make that kind of inquiry into the role of ministers of the Crown. Indeed, it is informative to look at the name of that inquiry: as I recall, it is called a commission of inquiry into certain activities of the RCMP, not a commission into the role of ministers of the Crown.

Some hon. Members: Hear, hear!

Mr. Clark: The minister has frequently said that the terms of reference are broad enough now. If he is so sure of that, why does he not take the extra step and add the extra term of reference that we on this side of the House have proposed several times, so there will be no doubt about the adequacy of the terms of reference. We need to have spelled out beyond any question the obligation, not just the right, of that royal commission to look explicitly into the question of ministerial responsibility. Given the length of time this study will take, the conditions that were attached to it and the delay before a report, we do not think a royal commission is an appropriate vehicle for a matter that concerns parliament as centrally as the question of ministerial responsibility.

For that reason we have proposed a better way to get at the evidence as to what was the role of ministers. We want to have a special committee established in this House of Commons, a committee with unusual power to call evidence, to subpoena witnesses and to carry on research. We think it should be chaired by a member of the opposition.

An hon. Member: Ha, ha!

Mr. Clark: Someone on the government side laughs. We think it very important that this kind of inquiry should not be suspect. The best way to ensure that it is not suspect is that it be chaired by someone who is absolutely independent of the ministers whose conduct is being investigated.

Some hon. Members: Hear, hear!

Mr. Clark: I make it quite clear that while we want someone from the opposition side, we do not insist that it be a member of the official opposition. I have not discussed the matter with the hon. member, but I say to this House that if a committee of that kind, with those powers and with that mandate, is established we would be delighted if it were chaired by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas).

Some hon. Members: Hear, hear!

Mr. Clark: We think he would be an outstanding chairman for that kind of committee. A committee with that kind of power, looking into the question of ministerial responsibility, should also have on its agenda the power to recommend means by which we can assure some right to oversee security policy that goes beyond the political party in office at this time. There are ample models to draw from. In Britain there is a regular practice of briefing members of the opposition. In the United States there are congressional oversight committees which meet in confidence. Either alternative is better than the situation we have today in this country. I think all members would agree that discussion as to the way parliament will carry out its ultimate responsibility regarding security matters would better begin here, in this House, than in some royal commission.

There has been no action on these matters. I received a one-time offer from the Prime Minister to have one briefing on some aspects of security matters. That was in response to letters that I wrote. There is no system in place, and there has never been. There has been no willingness that ministers who set policy are responsible when things go wrong or when their supervision fails. Since this session of parliament commenced, the government has had ample opportunity to reveal the facts and to begin the process of establishing more effective means to oversee security activities. Instead, they have tried to cover up. That is the reason why today we have to move this motion, expressing lack of confidence in the way the government has conducted its affairs and suggesting a better way for it to proceed.

Some hon. Members: Hear, hear!

Mr. Clark: For the past several days the country has been preoccupied with matters that are undoubtedly serious. There have been stories of barns being burned, laws being broken by agencies pledged to uphold the law, and ministers not knowing or not saying what was going on. That has been in the headlines. All of that is important. Equally serious for this country, for our future and for the way we govern ourselves, has been the breaking down of the basis of the system of responsible government.

Some hon. Members: Hear, hear!

Mr. Clark: In our system, the government must accept responsibility. Today, and too frequently in the past, the

ministers of this government have refused to accept responsibility. Instead, they blame somebody else. Parliament must have the power and the information with which to hold ministers accountable. Today, because of the refusal to come clean by ministers on the other side, we do not have that kind of information.

Some surprising and troubling things have happened to parliament in the last decade. Ten years ago we in this House had the power to control spending by the government of Canada. In the years in which this government has been in office, this House of Commons has lost that power to control spending. Throughout the life of this government there has been a refusal to add to the powers of private members, to add to the powers of committees and to make this place more effective. Often, ironically, that refusal has been defended by some reference to ministerial responsibility.

We have had further evidence in the past few weeks that the fundamental principle of a parliamentary system, the principle that ministers are responsible for the actions of their departments, is being broken down gradually, steadily and—in this case, sadly—dramatically. Ministerial responsibility must be restored. If the government will not restore it, parliament has an obligation to do what it can to restore it.

Some hon. Members: Hear, hear!

Mr. Clark: An inquiry by the parliament of Canada into this question is of fundamental importance to the future of our system. If the government of Canada refuses to allow the parliament of Canada to conduct that kind of inquiry in order to ensure that there is again a system of responsible government in Canada, it has no right to the confidence of parliament and no right to the confidence of the people of Canada.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise to support this motion. It is a serious motion, one that goes to the root of the problem in a way that the government, through its actions since the opening of parliament, has completely failed to do. I want to discuss two aspects of the motion. The first and most important one is ministerial responsibility which the Leader of the Opposition (Mr. Clark) has emphasized and which I raised in a question of privilege yesterday. The other aspect that I will be speaking on will be expressed concretely in the form of an amendment to the motion. That pertains to the important question of the rule of law.

● (1552)

On the question of ministerial accountability I shall take only a minute or so because I do not wish to repeat arguments I made in the House yesterday, nor do I wish to repeat some of the points the Leader of the Opposition made so well today. The people who are ultimately responsible for what takes place in the ministry of the Solicitor General, that of Justice, or that of Health and Welfare, are not civil servants, whether deputy ministers or the lowest ranking clerks in the department. The people who are responsible, in a parliamentary democracy, are the ministers.

There is one group of people today which has forgotten that principle in a way which puts all others to shame by comparison. I refer to the cabinet. I quoted yesterday examples from Jennings and from Dawson, two constitutional authorities—and I could add others—pointing out that the notion of ministerial responsibility does not mean a minister needs to have a day to day knowledge of what is going on in every section of his department. What it does mean is that he assumes responsibility for broad policy and the orientation of the law as administered by the department and that, in particular, when something goes wrong he should be ready to correct it promptly. This is the attitude which has been totally absent from the performance of the government and, in particular, totally absent from the performance of three successive solicitors general.

As I say, I do not intend to deal with this aspect at any length because it has been already discussed by the Leader of the Opposition and because I raised it in the House yesterday. Nevertheless, it is something which is essential to parliamentary democracy, and there has been complete failure on the part of the government, and particularly on the part of the Solicitor General, to recognize its responsibility in this area.

I wish to deal today with a broader question as one living, not in the thirties in Germany or in the seventies in Russia but as a Canadian who lives in a society which is basically free, overwhelmingly democratic, overwhelmingly civil libertarian. I address myself this afternoon to the response made by the government when it learned that there had been wrongdoing on the part of a minority in the RCMP and elsewhere in the security services. When I sit back and think of what happened in the United States a couple of years ago, I am scandalized by the response of this government.

Hon. members will recall that the Watergate inquiry, which ultimately led to the resignation of a president, came about because of revelations of spying upon a political party—one political party spying on another. At the time the issue was raised by Senator McGovern, a presidential candidate, the affair was dismissed as having little importance. Indeed, the reaction in the United States was not dissimilar to the reaction here in Canada to the issue we are presently discussing. On one hand, there was a tendency to dismiss it as a trifling thing, if it occurred, and on the other there was reluctance to criticize because of the supposed sanctity of the entities involved. In the United States, for example, people were asking themselves: How is it conceivable that the presidency itself could have allowed such a thing to occur, or actively direct it?

Here, in Canada, I would remind hon. members it has not simply been a case of one political party monitoring another. What we have before us is evidence of the commission of a number of crimes—crimes committed by the RCMP, I regret to say, involving the burning of property, the theft of property, spying illegally upon a political party, and the opening of mail which is categorically forbidden under the Post Office Act. We have learned, too, of "Operation 300," an illegal operation

with respect to which the minister said the other day the allegations were substantially correct. These revelations in 1977 in Canada came on top of disclosures that certain security forces or branches of the RCMP or other security forces were spying on Canadian farmers in the National Farmers Union, spying on members of my political party, spying on all kinds of innocent Canadians democratically exercising their rights in a free society.

What has been the response of the government of Canada that dares to call itself Liberal? What has been its reaction to these revelations about burning, about theft, about spying on farmers, trade unionists and political opponents? Have we heard voices from small "l" liberals in the party which history links with the name of John Stuart Mill, saying, "This has got to stop. We are administratively responsible for a number of these things because they have come about through our failure to prevent them"? Did members opposite acknowledge their responsibility and take prompt action to put a categorical stop to it? What have they done? That is the question I want to deal with.

Mr. Speaker, the response has been a debasement of Canadian politics. You would have to go back a long way in Canadian history to see a worse one. First, we got misleading comparisons and phony information provided by a number of ministers. The Prime Minister (Mr. Trudeau) used the wonderful analogy that sometimes it is necessary to break the law; that on occasion one had to drive at 80 miles an hour to catch a thief. Then we heard the "spirit of the times" argument—another gem! How John Stuart Mill would have laughed to have heard this argument seriously put forward.

It was left to the Minister of National Health and Welfare to blurt out the truth in the course of an address to students at Carleton University—that in 1973 the spirit of the times was anything but violent; that it was certainly not an atmosphere which would have justified the breaking of the law if, indeed, that is ever justified. Another tactic of the government, arguments having failed, was to attack the opposition. The Conservative party and my own party were attacked for raising questions about civil liberties. We were attacked for suggesting that criminal wrongdoing by the police was every bit as wrong as criminal wrongdoing by other citizens. We were criticized for having the audacity to suggest that it was the government itself which was finally responsible for ensuring that the police obey the law like everyone else.

We heard a perfect example of that attitude in the speech given by the Minister of Justice (Mr. Basford) to his Liberal cohorts in Vancouver over the weekend. He foamed at the mouth, I am sure, in his castigation of the terrible opposition parties who had dared to criticize the failure of the government; and he introduced a red herring by saying we had been critical of the RCMP. He knows, if he is honest, that we have been critical, on this side of the House, of the complete failure of his government to make sure the RCMP performs correctly.

[Mr. Broadbent.]

• (1602)

There was a third device used by this great Liberal government, and that was the suggestion that such illegalities or moral wrongdoings were really carried out in the context of dealing with terrorists. Time after time we heard statements from a variety of ministers that they had to deal with violent groups in society. Extremism in defence of liberty is no vice, according to this government. This is wrong, in terms of their factual suggestions.

I ask, Mr. Speaker, rhetorically: Is the New Democratic Party a party committed to violence, and does it warrant spying upon? Is the Canadian Union of Public Employees, the largest union in Canada, representing working people in every community across the land, the kind of institution that should be spied upon? Is the National Farmers Union of Canada, representative of farmers in half a dozen provinces, the kind of institution that should be spied upon? Is the Quebec Federation of Labour, an institution organized by workers to work for the benefit of the working people in the province of Quebec, the kind of institution that should be spied upon?

An hon. Member: Or members of parliament?

Mr. Broadbent: Mr. Speaker, to ask the question is to answer it. We have been concerned about the question of liberty and the rule of law. We have been concerned overwhelmingly over questions regarding the rights of free institutions, free parties, free movements and the free citizens' groups to go on about their lives unmolested by the police. Again the Liberal government, which dares to call itself liberal, has tried consistently to say that the issues we have raised always have to be put in some kind of context dealing with a terrorist group. That is a phony and dishonest approach.

Another approach—and I will be very brief with this—involves the buffoonery of the Prime Minister which reached its low point in recent days when he had the audacity to suggest that the official opposition planted some kind of bugging device upon itself. He did it off the top of his head, I am sure, in his characteristically frivolous and irresponsible manner in terms of dealing with a serious issue.

The most serious concern I have with the approach of the government in this whole episode, apart from the question of ministerial responsibility, has regard to the insidious suggestion made by no fewer than three ministers—the Minister of Justice, the Solicitor General and the Prime Minister—day after day in this House and outside, that the end justifies the means. We heard from the minister of multiculturalism yesterday that gem of new reasoning, that gem of new legal theory, when he said that sometimes the rule of reason has to replace the rule of law. God forbid, particularly if it is his rule of reason! The Solicitor General (Mr. Fox) was shaking his head when I said that.

An hon. Member: I could hear it from here.

Mr. Broadbent: I want to say, through you, Mr. Speaker, to the minister with the rattling head there who was correcting me yesterday—

Some hon. Members: Oh, oh!

Mr. Broadbent: You will have your chance in just a minute. Do not be a cry baby. I quote for the Solicitor General, Mr. Speaker, that nice, rhetorical reply that came to the opposition the other day when a question was raised about freedom, and so on. He said, and I quote him, "No, the bottom line is security". Let me suggest to the minister that if he were really a Liberal he would not give us, and he should really appreciate this, that beautiful Stalinist argument.

Some hon. Members: Oh, oh!

Mr. Broadbent: I have been dealing today with correspondence from very serious people in the Soviet Union who have been put down by their government, that government which has refused to live up to the Helsinki agreement. As everyone knows, the reason the Soviet Union puts down its dissidents—

An hon. Member: That's not true.

Mr. Broadbent: Don't give me that rubbish. It shows how little you know about that as well. Not only does the member know nothing about liberalism, but he knows nothing about socialism. I say quite seriously that the reason the Soviet Union does not permit the kind of dissidents—

Some hon. Members: Oh, oh!

Mr. Broadbent: You will get the chance to make your speech. The reason the Soviet Union takes away liberties from decent citizens, which we take for granted here, is that the bottom line there is security. That is exactly the line used in every totalitarian society throughout the world. I suggest that for a Liberal to get up in the House of Commons and say that the bottom line is security, instead of saying that the bottom line is liberty, which is what they should be saying, is to perform a profound disservice to everything Liberalism stands for and everything parliamentary government stands for.

Some hon. Members: Hear, hear!

Mr. Broadbent: This attitude toward law, this callous indifference to the principle of the rule of law, reached its high point last Wednesday in Halifax when the Prime Minister said—and two reporters are prepared to swear to it—that the action taken by the RCMP in the province of Quebec in burning a barn in clear violation of the law was something with which he agreed. He said that in the presence of two reporters who stood right beside him.

I ask you, Mr. Speaker, is that the kind of reasoning we should be getting at this period of crisis—and it is a crisis in terms of the supremacy of law and ministerial accountability? Is that the kind of leadership we should be getting from the Prime Minister and the Minister of Justice? Of course it is not. The irony is that it is precisely the kind of reasoning—the noble ends—that we are getting from ministers. The Solicitor General said that you have to look at the purposes of the people who are breaking the law. He said that with reference to the opening of mail. They did not know it was wrong, so it was permitted. Every violent group in Canada, in West Germany and in Ireland today says their purposes are noble and that that justifies breaking the law.

Let me suggest that when the Solicitor General, the Minister of Justice and the Prime Minister travel around the country saying that as long as the purposes are acceptable, and as long as the long range goals are good, or to use the words of the minister of multiculturalism—

Mr. Basford: Mr. Speaker, I rise on a question of privilege. I do not want to interrupt the speech of the hon. member, but I challenge him to put on the record any such statement of mine.

Mr. Woolliams: Well, I will do it when I get there.

Mr. Basford: Put it on the record.

Mr. Broadbent: Let me reply to the minister. The Minister of Justice is a master of innuendo. He does not say it is proper to break the law; in fact, he carefully couches nice, low-key phrases which do not get cheers at Liberal conventions. He always says, "Oh, yes; of course, we believe in the rule of law". Immediately prior to that—this is when 7,000 Liberals cheered the minister, and that must have been all the Liberals in British Columbia—he was attacking the opposition for upholding the principle of the rule of law; and he knows that as well as anyone.

Mr. Basford: You are wrong, and you know you are wrong.

Mr. Broadbent: The serious point I want to make, Mr. Speaker, is that in addition to this government's failure to act according to parliamentary precepts of ministerial responsibility which go back at least 100 years, the most profound disservice this government has done, a disservice in the classical tradition of liberalism, is the complete undermining, in terms of leadership at this time, of the importance of the supremacy of law in our society. What this government has invoked is the classical argument about terrorists, whether at home or in other countries, and it may live to regret that in the province of Quebec. I suggest that once you start invoking the principle, in a democratic society, that your ends justify the breaking of the law, you are on a very slippery road to complete undermining of the law.

● (1612)

Mr. Fox: No one said that. Get your quotes straight.

Mr. Broadbent: Therefore, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the motion be amended by inserting therein, immediately after the word "forces", the following words:

"and as it pertains to the principle of the rule of law".

Hon. Francis Fox (Solicitor General): Mr. Speaker, first of all I should like to rebut some of the things said by the hon.

leader of the New Democratic Party (Mr. Broadbent). He went to great pains to quote statements which are said to have been made on this side of the House, particularly something to the effect that the end justifies the means. If those statements had been made, perhaps he would have a case. He set up his own wooden horse and then proceeded to knock it down. I should like to refer to the statement I made in the House in June, 1977, which reads in part as follows:

First of all, I cannot stress too highly that in a democratic society like ours, the rule of law is and must be paramount. It is the vital force without which our basic liberties run the risk of becoming empty slogans. No threat to such liberties can justify, in any way, and even with the best of intentions, the use of illegal means to protect these basic rights. Clearly, there can be no compromise in this regard; it is upon this premise that the integrity and survival of our democratic institutions and our fundamental liberties are based. If the law is not adequate to handle such dangers as threaten our liberties and our institutions, then the answer does not lie in breaking the law, but rather in changing it so that it can be effective in responding to such threats to society.

Changing the law in this country refers to the democratic way of changing the law by bringing proposals before parliament and having them studied in depth by parliamentary committees, with full debate. While the rule of law was paramount, I asked Canadians throughout the land not to be too harsh in their judgment of some of the people who carried out some of these actions. It was not because they can be justified, but to a certain extent these people have explanations for the way they acted.

Some hon. Members: Oh, oh!

Mr. Fox: I let Canadians judge as to what the situation should be. The matter has been referred to the royal commission. I asked the RCMP to give me a couple of indications of some of the illegal acts which have been carried out. I should like to give one example in connection with the mail. I should like to bring this to the attention of the House since it is a situation which is now being referred to the royal commission. In 1976 the RCMP obtained information on the identity of a member of the Japanese red army.

An hon. Member: Here we go.

Mr. Fox: Yes, here we go. It is important to note some of these things. That is why I indicated to the House that we ought not to be too quick in jumping to conclusions as to why these people acted. I should like hon. members to listen to the example of one case which I want to leave with them.

Mr. Gillies: Why didn't you bring in legislation to make it legal?

Mr. Fox: I should like to put the hon. member to a test in the not too distant future.

Some hon. Members: Oh, oh!

Mr. Fox: The letter was identified as being addressed to a Canadian in this country. Through the mail-opening devices which have been described in parliament, the RCMP obtained access to it. As a result of this interception they were able to identify someone who was a member of the Japanese red army.

He was arrested at the border and deported to Japan. Subsequently, in Japan, he was convicted of bombing. He was one of the members of the Japanese red army whose release was demanded in the later plane hijacking by the Japanese red army. We can say it was not justified, that it was illegal; but I should like to bring this to the attention of the House as an example to indicate that we should not be too, too harsh in commenting on the actions of these people.

Mr. Broadbent: Right back to Nixon.

An hon. Member: The end justifies the means.

Mr. Fox: I am not saying the end justifies the means. I am indicating to hon. members that the people involved in some of these illegalities did so—

Some hon. Members: Oh, oh!

Mr. Fox: Perhaps hon. members feel that they should not have tried to obtain information as well as they could on a possible member of the Japanese red army.

Mr. Broadbent: Within the law.

Mr. Orlikow: Why didn't you change the law?

Mr. Fox: I am pleased to hear that hon. members opposite now agree with the statement I made in June of this year, when I said:

If the law is not adequate to handle such dangers as threaten our liberties and our institutions, then the answer does not lie in breaking the law, but rather in changing it so that it can be effective in responding to such threats to society.

Mr. Gilbert: This is November, not June.

Mr. Nystrom: That was five months ago.

Mr. Fox: I am pleased to hear that hon. members agree with all the statements made by myself, the Minister of Justice (Mr. Basford) and the Prime Minister (Mr. Trudeau), that if the law is not adequate it should be changed along with—

Mr. Broadbent: Don't get carried away, Francis.

Mr. Deputy Speaker: Order, please. I would invite hon. members to allow the Chair to hear what the hon. Solicitor General (Mr. Fox) is saying. This is a very important debate. Anything said might upset members, but I want to make sure I hear everything. Interventions from across the floor at the other end of this chamber are making it very, very difficult for the Chair to hear what is being said.

Mr. Gilbert: This fellow is very argumentative, Mr. Speaker.

[*Translation*]

Mr. Fox: Furthermore, Mr. Speaker, there is quite a lot of talk about these inequalities and some people say heads should roll. When I explained some of these operations to the House, I underlined that some of them were dating back to an almost immemorial period in the history of the RCMP. In some cases,

operations dating back to the mid-fifties were traced back, such as for example the so-called Operation 300. This is the information given to me by the RCMP. Then it seems to me, Mr. Speaker, that to be quite logical with the situation it is not enough to say to Mr. So and So or to any other person that he or she has lost his or her job in the RCMP but to refer the whole practice, the whole procedure to the inquiry commission to cast full light on this matter. The inquiry commission which has the means of examining sworn witnesses can study the matter in depth and make recommendations.

[*English*]

I am pleased we are having this debate today. I hope it ends up on a far more constructive note than the previous debate, the emergency debate which was called by the opposition parties. This debate gives us an opportunity to focus on a number of questions and issues of concern which are important to Canada's security service and its future role.

At the very outset I am disputing the use of the terminology used by the Leader of the Opposition (Mr. Clark) when he referred to government security forces. The forces referred to in the motion of the Leader of the Opposition are not the government's forces; they are forces which are used to protect our national security and integrity. To imply that the RCMP is a political police force in the hands of this government is a clear attack on the integrity of the men and women who form the RCMP.

Some hon. Members: Hear, hear!

Mr. Woolliams: Nobody ever said that.

Mr. Fox: I believe it is an undeserved smear.

Some hon. Members: Hear, hear!

Mr. Fox: In spite of the severe criticism of the RCMP in the past few weeks at the hands of the loyal opposition, I believe Canadians and the government retain great confidence in the force and the manner in which, generally speaking, they have conducted themselves in carrying out their responsibilities.

There are two parts to the motion introduced by the hon. Leader of the Opposition. The first part deals with ministerial responsibility for national security and the national security service. By convention, the responsibility for national security devolves upon the Prime Minister and is shared with those ministers charged with specific responsibility for the police, external relations and the administration of justice.

In part, the government accepted the Mackenzie recommendations in relation to the structure and the responsibility of the security service. It is responsible to a designated minister, the Solicitor General. The head, the director-general, has the right of direct access to the Prime Minister, and the head has a high degree of independence as recommended by the MacKenzie commission. I refer hon. members to recommendation 277(b), page 106 of the Mackenzie report. Also, the government accepted that the security service should become a more clearly recognized, separate and distinct element of the RCMP since there is a clear distinction between the operational work of the security service and that of the police force. On June 26, 1969, the Prime Minister said the following in this House:

● (1622)

It is therefore the government's intention, with the full understanding of the RCMP, to ensure that the Directorate of Security and Intelligence will grow and develop as a distinct and identifiable element within the basic structure of the force, and will be more responsive, in its composition and character, to the national security requirements described by the commissioners . . . The security service, under the Commissioner of the RCMP, will be increasingly separate in structure and civilian in nature.

As far as policy and operational responsibilities are concerned there is, of course, by positive decision of the government, a very clear line of distinction between responsibility for the policy under which the security service operates and responsibility for the direction of the operations of the security service. That, I understand, is also a position approved of by the Leader of the Opposition—a distinction between policy guidelines and the day to day activities of the RCMP.

The political level, of course, has responsibility for the over-all policy guidance and mandate of the force, and while the security service has some form of operational independence from the political level under policy guidance, the government is convinced that this distinction is right and should be maintained. If I understand the Leader of the Opposition correctly, that is also his position. In that broad context, the commissioner and the director-general of the security service are involved in the over-all operational direction of the security service. The director-general has exercised delegated responsibility for operational policy of the security service.

The government believes that to exercise direction over the day to day operations—in other words, to assume direct operational control over the security service—would be counter to the basic principle of the independence of the police to which we have strongly subscribed for many years. The government has subscribed to this principle in order to make clear that there must not be any possibility of the use of executive authority to influence the work of security and intelligence agencies for partisan political purposes.

We all know from recent painful experiences elsewhere that where executive partisan control is exercised over security and intelligence services, there can be perversion of them for partisan purposes. Watergate is past, but not forgotten. The other thing Watergate showed us is that if there is political intervention in operations and perversion of them for partisan purposes, the involvement of the political level can make disclosure and investigation very difficult. There can be the cover-up of activities or the suppression of information because they involve activities at the executive level. It seems to me that it is, therefore, a great disservice to the country and to services such as the RCMP and the security service to suggest or imply that they have been involved in a Watergate. They have not, and they do not deserve the slur.

Any suggestion that the government should take responsibility for operational control of the security service is one which if implemented could lead to the very situation that was

Watergate. We prefer to be judged responsible on the basis of the policy guidance given to the service by the government and by the initiatives we take in relation to the legal framework that governs the operations of the service. In that regard, we continue to examine our policies and the legal framework under which operations are conducted for which we in the government are responsible. We take our responsibilities seriously, as is clearly demonstrated in the initiatives taken in respect of the policy direction given the force and in relation to laws which govern us all.

I would like to enumerate approximately 15 instances of policy guidance given to the force over the years. This has been a matter of continuing attention and concern to this government, especially since the royal commission on security reported in 1969. However, even before that commission reported, the government of Mr. Pearson took steps. In 1963 that government enunciated the security threat and effected procedures to protect the individual and to define the role of the RCMP in the security screening process. In 1966 responsibility for the RCMP was transferred to the Solicitor General from the Department of Justice, to ensure more comprehensive and intensive attention to law enforcement.

In 1966 the royal commission on security was established. In 1969 the report of the royal commission on security was tabled and a number of points were emphasized. Some of these points were that Canada remained a security target and that security should remain the responsibility of the RCMP, but in the context of an increasingly separate and civilian security service. In 1971 the then solicitor general announced the formation of a planning and research group in his ministry to provide civilian analysis and advice on internal security matters. In 1972 the committee structure reporting to the cabinet committee on security and intelligence was restructured. In 1974 the government proposed legislation to govern wiretapping to ensure protection of the individual and to ensure control by the minister responsible of wiretapping where legitimate reason for it was established. Prior to 1974 there was the implementation of those powers by the then solicitor general.

In 1975 and 1976 the government provided guidelines for the security service and clarification of those guidelines in the context of separatist activities. There was the establishment of the Marin commission of inquiry, which reported in 1976. In March of 1977 there was the establishment of an operational review committee. In-camera briefings were offered to the Standing Committee on Justice and Legal Affairs over the past few years, including this year. A letter was written to the Leader of the Opposition this year offering him briefings on the matter of security.

Finally, this year a commission of inquiry to investigate evidence of illegal activity by the security service was established to advise on policy and procedures of the RCMP and on the adequacy of the law relating to security. Those are approximately 15 measures which have been taken over the years, all for the purpose of ensuring greater policy direction by, and accountability to, the government, the Prime Minister and the Solicitor General.

Mr. Peters: They all failed.

Mr. Fox: While the government has worked toward ensuring appropriate guidance for the security service, it has tried to continue the long-established tradition that the government should not become involved in the day to day operations of the RCMP, including the security services, which is a position argued time and again by some hon. members of this House, particularly hon. members in the opposition—and I think more particularly of the hon. member for Yukon (Mr. Nielsen).

Mr. Peters: The minister should have some general knowledge of what is going on.

Mr. Fox: It is this aspect of the problem that is being emphasized by the opposition, and in my view there is a very difficult problem here for which we must find a solution. I do not think the solution can be found in the simplistic criticism that the government must be responsible for the detailed operational activity undertaken by the security service in trying to ensure national security. However, there is a challenge for the future. In any human organization there is surely room for improvement. That applies to the Tory party and to the NDP as well as to the RCMP, although in the case of the opposition parties to which I referred, the reasons are more self-evident.

I believe we must arrive at decisions on a series of complex policy and legal issues in order to ensure that police operations can and will be carried on within provisions and procedures authorized by law; to decide to what extent the law may have to be changed to permit measures that are considered necessary to combat terrorism, organized crime, espionage and other matters of that kind; and to ensure that our decisions are consistent with the protection of basic and fundamental rights and freedoms of the individual. We must ensure these things while still preserving the independence of police operations from possible political intervention, but with ministerial control of policy. The issues are very important for the country and our society as a whole, but we must not undermine or make impossible the effective work by the RCMP in order to have quick, dramatic and possibly wrong solutions.

In the second part of his motion the Leader of the Opposition also proposes the establishment of a parliamentary committee to look at ministerial responsibility in directing the security forces. I make the following points: first, the government has already established a commission of inquiry concerning the activities of the RCMP. The opposition frequently demanded this. It seems to me advisable to await the report and advice of the commission. The commission can call before it whoever it wishes. In his letter to the Leader of the Opposition, the Prime Minister also pointed out that the government is prepared to discuss questions and issues related to the security service in in-camera sessions of the Standing Committee on Justice and Legal Affairs. Such in-camera sessions were held in 1973, 1974 and 1975, and offers for such sessions were extended in 1976 and 1977, but as yet those offers have not been taken up, undoubtedly for valid reasons, by members of that committee.

The Prime Minister also offered to the Leader of the Opposition briefings on the state of security in this country. However, the procedure in the Standing Committee on Justice and Legal Affairs provided an opportunity to members from both sides of the House to raise questions about the general application of security policy. I am, of course, always amazed to see the questions asked by members of the Standing Committee on Justice and Legal Affairs, particularly on the police and security side, administered by the Solicitor General, come back up in the House without reference to the fact that questions have been asked systematically by people in this organization and very detailed answers have been furnished in the past, as they will be this year if it is the wish of the parliamentary committee to so examine the estimates of my department in connection with the police and security analysis group.

● (1632)

I should also point out to the Leader of the Opposition that the royal commission of 1966 came to the conclusion that detailed scrutiny of the policies and operations of security agencies was the responsibility of the executive and should not be entrusted to a parliamentary committee. That is not to say that we are not willing to have a look at the over-all policy within the confines of the in-camera examination by the Standing Committee on Justice and Legal Affairs.

[*Translation*]

Therefore, Mr. Speaker, I think that all the measures that have been taken, there were almost 15 of them, show to what extent the government has seriously taken its responsibilities to ensure control over a mandate given to the security services of Canada. I believe, Mr. Speaker, and I am convinced that the Leader of the Opposition (Mr. Clark) will agree with me, that nobody in Canada would wish that a government, be it this one or any other, have control over the day to day operations of the Canadian police forces. It goes without saying, Mr. Speaker, that if such were the case, we would have in fact a political force and a political police in Canada.

Mr. Clark: That has never been suggested.

Mr. Fox: Mr. Speaker, the Leader of the Opposition said that nobody ever suggested that. None the less, Mr. Speaker, I suggest hon. members on the other side should look over the statements they have made over the past few months. On a number of occasions, they accused us of having a political police which is supposed to prepare lists of enemies of the system; yet, Mr. Speaker, they are accusing us today of not having the police forces in Canada under control. Either we have them under full control, or we do not have them under control at all.

I am saying to the House today that we do not intend to watch over the day to day operations of the Canadian police forces. No government in this country, whether federal or provincial, need control the day to day operations of our police forces; the function of any elected representative is to define a clear mandate for the police forces and see to it that this mandate is carried out. Through the setting up of some 14 or 15 elements of solution, of control, since 1963, I have demonstrated to what extent the government is aware of this problem, and it goes without saying that there is room for improvement in any human organization. If the control mechanisms and the legislation must be improved, we will improve them.

I would like to stress one thing because hon. members opposite have too often insisted on the fact that we want to amend the legislation and legalize what was illegal, but basically, Mr. Speaker, we have always very clearly established that a security service, a police force generally must act in accordance with the law, the Criminal Code and other federal and provincial statutes.

We have stated, however, that it was clear today that there are some gaps in that legislation. We have reached a point where it would be necessary in an airport such as Mirabel to put up signs which would read as follows: Would terrorists please report to such or such counter. Surely that situation would be quite ridiculous. We think it is necessary to have a security service in spite of the fine words we heard from the leader of the New Democratic Party.

Mr. Speaker, the issue at stake is not to take away any civil liberties but to allow people such as the leader of the New Democratic Party to continue exercising that very right. He who belongs to a socialist party should know thoroughly the history of European socialist parties; he should know how often European socialist parties have seen their freedom taken away because governments had set up security services to take that freedom away.

Mr. Speaker, Canadian security services are absolutely unique. It is a shame to compare them to those of countries behind the Iron Curtain. That kind of comparison is made by the hon. leader of the New Democratic Party, yet he knows full well that it is not valid. Indeed, the only reason for the existence of security services in Canada is to prevent subversive and terrorist groups from denying to people such as the leader of the New Democratic Party the right to exercise their democratic liberties in a country as free as Canada.

[*English*]

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, this is the first opportunity I have had to speak on a question that to me is of paramount importance. I intend to deal with just two or three phases of it and shall endeavour to arrive at a conclusion as to why this government has set out, apparently, to smear the greatest police force—

Some hon. Members: Hear, hear!

Mr. Diefenbaker: That is what they have done, and they have done it continually.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, I have no objection to questions, even from the least intelligent. I find it tremendously interesting that this group across the way, the Liberal party, again this afternoon have shown their contempt for parliament

by endeavouring to howl down any person with whom they do not agree. If I have to identify someone from now on, they will only have themselves to blame. I must say, to begin with, Mr. Speaker, that the speech delivered by the Leader of Her Majesty's Loyal Opposition (Mr. Clark) was in every way an outstanding one, worthy of the traditions of parliament and the preservation and assurance of freedom.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, if the hon. gentleman opposite will stand up, if he has the backbone to do it, I will be glad to have his questions. These subterranean objections and interferences may lead to self-edification of those who participate, but they add nothing to a discussion of serious moment that we are now engaged in.

Mr. Deputy Speaker: Order, please. The hon. member for Spadina (Mr. Stollery) on a point of order.

Mr. Stollery: Mr. Speaker, the right hon. gentleman said he would accept questions. I have a question. Will he accept it?

Mr. Diefenbaker: Mr. Speaker, the intelligence of the hon. member has now been fully revealed. We all know that he does not know what we are talking about. I listened to the Solicitor General (Mr. Fox)—

Mr. Stollery: Mr. Speaker—

Mr. Deputy Speaker: Order, please. the hon. member is seeking permission to ask a question. It is the right of the right hon. member to accept a question, of course, but from his remarks the Chair has come to the conclusion that he does not wish to do so.

Mr. Stollery: Mr. Speaker, he just said he would accept questions.

Mr. Deputy Speaker: That is the decision of the hon. member who has the floor.

Mr. Diefenbaker: Mr. Speaker, I welcome this kind of intervention. I have been away for ten days through indisposition. I have heard people ask if it is the usual course of conduct of the Liberal party of Canada in this place to drown out the opposition when there is any argument. They are certainly getting a name across Canada, and parliament is being smeared accordingly. As far as the minister is concerned, I followed him in the House and through listening to what he had to say on television. I must compliment him on his capacity to speak at length but convey no information. That is something worthy of the finest traditions of his two predecessors.

Today the Solicitor General set out what has been done. He says, "We have been doing things." Apparently what has been done has not been very effective. Going back to the earliest days of the Prime Minister (Mr. Trudeau) of this country, he left the House this afternoon with such speed that he might have been mounted on a motorcycle again. This is one occasion when he who is responsible for the security of Canada should be in the House, even to listen to that which he does not fully appreciate, understand or is willing to hear. It just amazes me.

• (1642)

Now, sir, what do we have? We have a continual endeavour on the part of this government to smear the Mounted Police. As far as I am concerned, I will have none of it. I have known the Mounted Police since the days of the territories when they went west to what had been Fort Carlton in 1903, when the force was called the Northwest Mounted Police. Later on it became the Royal Northwest Mounted Police, I think in 1904, and finally in 1919 it assumed its present name. Let not any member think that people on the prairies will ever countenance in the slightest the contemptuous innuendoes which have been directed at the Mounted Police. If there has been wrongdoing, then, as the Leader of the Opposition has pointed out, the responsibility is with the government of this country, and nowhere else.

I mentioned the Mounted Police because I saw the force in those days as a boy. We were living 17 miles from the nearest village on the old Edmonton-Carlton-Winnipeg trail. The Mounted Police had come there, proud of their traditions. When there was crime committed, they sought out the alleged wrongdoer. When he was brought to trial, he was prosecuted by a member of the Mounted Police, generally a sergeant. He was often tried before an inspector of the Mounted Police. In all the years during those early days of the settlement of western Canada, no one—except in one or two isolated cases—ever denied that justice was being done. The Mounted Police endeavoured to ensure justice and to maintain it.

From the time I became a member of the bar in 1919—I was a member of the bar in all three western provinces—until 1957 I had many cases. With the exception of two individuals, the Mounted Police believed in their slogan "Maintain the right". But today, in consequence of the actions of this government in endeavouring to bring about the suspicion that what has been done is wrong and was due to the Mounted Police, I need only point out that none of these things happened until the government of Canada decided to place security under certain civilians. Since then some things have been done which cannot be justified.

Why was security removed from RCMP? I am beginning to wonder whether this was part of a plan to put an end to the Mounted Police. I have already said that going back to the 1940s the Prime Minister has had a disregard for the Mounted Police which I am not going to detail in his absence, though he will immediately recollect what I have in mind.

What is the situation today, Mr. Speaker? The Solicitor General has given the House an explanation. Where are the other former solicitors general? Where is "Go-go Goyer"? He is in Africa endeavouring to establish some kind of Francophone combine. Why is he not here? There was not such a rush that he should leave at this time. The hon. gentleman opposite will disqualify himself for cabinet rank unless he watches out.

Mr. Olivier: Identify him.

Mr. Diefenbaker: If the hon. gentleman will speak up, I will identify him correctly.

Mr. Paproski: That is the hon. member for Longueuil.

Mr. Diefenbaker: Why is not the Minister of Supply and Services (Mr. Goyer) here? All during his period of time when the PQ—

[*Translation*]

Mr. Deputy Speaker: The hon. parliamentary secretary on a point of order.

Mr. Olivier: Mr. Speaker, in my opinion, the right hon. member of the opposition has no respect for your decision. I beg your pardon, Mr. Speaker, but I think it is customary for all hon. members not to be called by their name in the House. In two or three instances, the right hon. member has called the Minister "Mr. Go, Mr. Go, Mr. Goyer". That's a shame, for he is a minister of the Crown; the right hon. member should show the respect owed to him as a minister of the Crown.

An hon. Member: He should set the example.

Mr. Deputy Speaker: Order. It is obvious that the point raised by the hon. member is correct and conforms with the standing orders of the House.

[*English*]

It is true that the point raised by the hon. member conforms with the Standing Orders of the House. But it also happens that in speeches here and in general conversations an hon. member may go beyond the rules. I know the right hon. member for Prince Albert did not do this purposely, since he has been following the rules of the House all during his lifetime as a parliamentarian.

Mr. Diefenbaker: Mr. Speaker, your ruling is correct, but it is hard to identify hon. members opposite, with the musical chairs game that is played over there, and to keep oneself up to date. Although it is difficult to identify one or two members opposite, the hon. member has been fully identified now. I presume that the Minister of Supply and Services is over in Africa supplying intelligence and services to the people of the various countries. I say his place is in the House of Commons to answer for the fact that the PQ, a legitimate political party which was not undermining the state but operating with constitutional right, was investigated during his regime in a way that cannot be justified. Does anyone think it was the Mounted Police which decided to pick on the PQ? What possible reason would they have? But the hon. gentleman who is in Africa would have a reason. We remember him as the "twenty million dollar kid". As for that, I will go no further at this moment. He is the one who should be here.

In the last few days evidence has been given in the city of Montreal that indicates, according to the press, that he knew what was going on. We ought to have the minister here. As far as I am concerned, suspicion does not fall upon the Mounted Police for getting a list of the names of the members of the PQ, their funds or any other information; that suspicion rests on the Liberal party, which is afraid that it is going to be defeated. Where is this minister? Why is he not here? Why, during the days of the debates that have gone on here, has he not made clear his position?

• (1652)

Some hon. Members: Hear, hear!

Mr. Diefenbaker: As far as I am concerned, the smear on the Mounted Police is a direct result of instructions that must have been given by him to the Mounted Police to act in search of something in which there was no crime or suggestion of a crime.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I am glad for the silence now. I go on from there. Where is his successor, to pass a law as Solicitor General—

An hon. Member: He is up in the gallery.

Mr. Diefenbaker: Well, he is now in consumer and corporate affairs.

An hon. Member: Some affairs.

Mr. Diefenbaker: He has sat in the House day after day—silent, unspeaking.

An hon. Member: Yes, sir.

Mr. Diefenbaker: Was he afraid that if he spoke he would say something unspeakable? There he sat. I have watched him engrossed in writing backwards, trying to pretend he was busy. Why did he not stand up and have something to say? The suggestion can only be one thing: he knew what was going on. As far as his predecessor is concerned, I would like him to answer under oath the suggestions that are being made today, that he was fully briefed by the officers of security. What is the constituency of the Minister of Supply and Services?

Some hon. Members: Dollard.

Mr. Diefenbaker: Dollard. Nobody seems to know what the hon. member represents. Where is he? Dollard is named after a great hero in French Canada, one of the greatest in Canada. That is the only reason I can speak highly of Dollard in so far as it is represented by the hon. gentleman.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: He is in Africa. Where is the minister—

An hon. Member: In the Sioux.

Mr. Diefenbaker: Where is the Minister of Consumer and Corporate Affairs (Mr. Allmand).

An hon. Member: Say something.

Mr. Diefenbaker: He is in seclusion; he has disappeared. Why?

An hon. Member: He is in the Sioux.

Mr. Diefenbaker: Why is he not here? The answer is very clear: he does not want to be around on this occasion. Why does he not stand in his place and tell the story of what happened during his period of office? Certainly, this is not a government which is noted for its lack of loquacity; they talk on every subject. Why is he not here today? That is the reason I feel a sense of deep concern for the Solicitor General—"The boy stood on the burning deck, when all but he had fled."

Some hon. Members: Oh, oh!

Mr. Diefenbaker: There he is, endeavouring to answer something of which he has no personal knowledge, and the two who know are silent or are absent in Africa or elsewhere.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: The very fact that they are not here is evidence that they have reason not to be here, and the conclusion that follows that is simply this: they do not want to answer questions concerning the most unjustifiable claim of misconduct against a legitimate party. The only party that could benefit from that would not be the Mounted Police; it would be the Liberal party. I point that circumstance. I have nothing more to say in that regard.

Sir, as long as I am in this House—

An hon. Member: Too long.

Mr. Diefenbaker: —I will not tolerate the kind of attacks that have been made surreptitiously, subtly, against the Mounted Police to blame them for the shortcomings of this government and the failure of this government.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I said I have seen the Mounted Police in action—I presume in a couple of hundred cases, on one side or the other—and except for one or two instances the truth was told. There they are today, sitting ducks, subjected to the attacks of a government that has decided to make the Mounted Police goats for their failure to carry out their ministerial responsibility.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Now the minister says they are going to turn this whole question over to the McDonald commission. Do you know what that means? It simply means that the commission has been sitting since July. How much consideration has been given to these problems? Little or nothing. What the government hopes, by placing this matter generally in the possession of the commission, is that there will be no findings until the next election.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: That is the reason exactly for turning over to the McDonald commission matters that should be decided here in parliament. Furthermore, under the terms of the commission the only special mandate that they do not receive specifically is authority to question ministerial responsibility.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: My time is up. I simply want to say that the government is not going to get away with it.

Some hon. Members: Go ahead.

Mr. Diefenbaker: Mr. Speaker, those two people waved their hands the way they did in the Reichstag just before 1939. I say to the government, "Come clean. Give us the facts. Do not hide these things in the way you are hiding almost everything else. Restore to parliament its rights and let us clear this matter up." The Mounted Police shall not be the scapegoat of the ministers of this government who are looking for any cover to protect themselves.

● (1702)

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, the motion for debate today deals with a most important matter of course, but we have been debating it for over two weeks now. The motion reads, and I quote:

> That this House . . . deeply regrets its (the government's) unwillingness to allow a committee of this House to study the role of ministers in security operations.

I feel that we should know the truth about the activities of the Royal Canadian Mounted Police, and every other police corps in Canada, about its methods of inquiry and procedures in enforcing law and order in Canada. All police forces must operate according to the law and order of the land, within well defined guidelines. Their task is very tricky in that they must enforce law and order while respecting the freedoms of every individual.

Mr. Speaker, I remember when I was very young how we used to read in the newspapers that, for instance, the RCMP or the Mounted Police, as we used to call them in those days, were above reproach and always got their man. We were proud of that police force and rightly so, I would think, in those days; but today and especially more recently, every attempt has been made to belittle that police force; I sometimes wonder just how successful those attempts have been.

However, Mr. Speaker, in their operations to fight against organized crime in Canada, the police must not abuse their rights, and the government must see to it that they do not. Over seven centuries ago, Bracton expressed this principle—it is true that in those days he spoke of the king, but today we could speak of government. Here is Bracton's principle:

> The King himself must not be answerable to Man, but to God and the Law, because the Law makes the King. In consequence, let the King give the Law what the Law gives him, that is authority and power, for where the will and not the Law constitutes authority there is no King.

It could be said today that if the will takes precedence over the law, democracy is in jeopardy. Closer to us, the then Speaker of the House of Commons, Dr. Gaspard Fauteux, said: "In the Canadian democracy, the state is the servant of the individual and in all other forms of government, the individual is the servant of the state." However, we can avoid lapsing into these other forms of government where individual rights are relinquished to the almighty state. According to Ralph W. Page, democracy promises liberty to all and to everyone an opportunity to manage his own self improvement. It is based on the principle that man is not a machine and that his destiny is not based upon the accumulation of material goods but on his understanding of moral and spiritual values and on his self-improvement in this field. This is the kind of democracy we want to safeguard.

We do not want to lapse into that kind of regime where one half of the population watches the other half. In a well governed democratic society, the law abiding citizen has nothing to fear. He may eat, sleep, work and entertain himself in peace. He may have his conscience at rest, secure in the conviction that he and his family are safe, provided they all abide by the law. He may even expect certain things from society such as those he is entitled to under the law. He does not have to fear the torture chamber, the concentration camp, the execution squad, the confiscation of his property or the loss of his citizenship, but in all other societies one must be ready for the worst.

The Canadian citizen must be able to address himself to his provincial or federal representative to express to him his desires, make representations or voice his complaints without feeling that he is being spied upon. Civic study circles must be able to reach the same ends by making known the opinions of more important groups without being spied upon. This is what I am asking from this government and at last the Solicitor General seems to have understood that it is necessary to monitor more closely the actions of the Royal Canadian Mounted Police to prevent that police force from turning into an SS corps devoted to the service of a tyrant. In a free country such as Canada, the existence of laws and their implementation imply as a necessary corollary the existence of order. In the absence of any kinds of laws or when the existing laws are not observed, then the law of the jungle will prevail. When order does not exist, nothing will prevent attacks against the freedom of the majority of the citizens. This is why law and order have become almost synonymous. This expression conveys a single identical concept.

Mr. Speaker, parliament must have the right to inquire and have its say in the ways laws have to be applied; this right must not be surrendered exclusively to the government's discretion. As history shows, every time men have neglected to restrict the powers of their rulers, their powers have been increased at the expenses of the people governed. Every time governments have acquired unlimited powers, they have turned into tyrannies. The duty of Parliament is to preserve democracy and no police force whatsoever should have the right to commit illegal actions to further its ends. We have instituted an inquiry commission, the McDonald Commission, to throw the light on all aspects of the issues raised by the actions of the RCMP.

The RCMP is not blameless and efforts are being made to destroy it piece by piece. In certain sectors, this police force has been nearly completely depreciated. Honest Canadians feel that they need an authority to enforce the law and what should this authority be if not a respected police force? We are not faultless. There is much work to be done. The police must deal with organized crime. There are underground organizations for drug distribution, people who smuggle liquor and other goods, betting syndicates, prostitution chains, gangs of murderers; there is also bribery and corruption since without it very few illegal organizations can survive. The Royal Canadian Mounted Police is very busy.

Drug trafficking is prohibited by law, but when we see how easy it is for young people even in high schools to obtain all sorts of drugs, we wonder what the RCMP is doing. Those who are not used to smoking pot and who try to sit down in certain movies houses cannot resist very long the atmosphere in those places.

Mr. Speaker, I have some reservations about supporting this motion. I would certainly be in favour of establishing a committee to study the role of ministers in security operations, but this committee should have all the powers of a royal inquiry commission to call on all the witnesses that the committee will deem necessary to hear and these witnesses should testify under oath. This is very serious. But we already have a royal commission. If this commission is not empowered to investigate the role of ministers in security operations, we should extend the mandate of the McDonald Commission.

The House of Commons has many other matters to deal with. We are aware of the problems of unemployment, inflation, energy and housing. We must ensure a guaranteed minimum income for all Canadians. We must pass as soon as possible some legislation to improve the lot of small and medium businesses in Canada. We have urgent economic problems to solve in Canada. We should not let the government be sidetracked to minor issues.

Since the beginning of the present session, we have not really dealt with concrete matters; we have talked at length of the future of the Canadian constitution, of the problems caused by the Parti Québécois. It is all very well to be preoccupied with Quebec's or Canada's future, but words, patriotic speeches or thinly veiled threats will accomplish little in the way of settling these problems. We need social and economic laws to restore the confidence of the Canadian people in their institutions. Instead of trying to find solutions to our problems, we apply ourselves to exposing all kinds of scandals. I do not know if this situation should be blamed on the television broadcasting of our debates and the fact that some believe that we must keep up with the tradition of crime and violence that television conveys in far too great a number of its everyday programs.

Mr. Speaker, a year ago today the people of Quebec passed a harsh judgement on the Bourassa government for neglecting

the province's economic problems. Other provincial governments have also been judged on this. The same thing will happen to the federal government if it does not take strong measures to counter the breakdown of our economy.

Any opposition party will be judged the same way if it always criticizes without ever proposing any real answer. Mr. Speaker, this motion proposes to give a mandate to a standing committee or a special committee—it does not say which—to study the role of ministers in security operations. It is not enough to be efficient. If we have no confidence in the McDonald Commission why not give it more power? Why not ask it to accelerate its hearings and file a report as soon as possible? We shall reach the same ends.

Mr. Speaker, why should we have two organizations doing the same studies for the same purposes? Yet this is the second motion on that same subject in the last two weeks. We have heard many questions of privilege. The question periods have been almost completely monopolized by this problem, the RCMP. Yet I think it is time to make a decision, to act and work together to deal with problems that are waiting for an answer. The Canadian public is anxious and might be more strict with members who do not realize the seriousness of the situation, they might be more strict with those members than towards the members of the RCMP.

● (1712)

[*English*]

Hon. Ron Basford (Minister of Justice): Mr. Speaker, we witnessed an extraordinary performance in the House this afternoon. What we have seen is a transparent attempt by the official opposition to manipulate public opinion. That is the whole purpose of the exercise this afternoon and of the motion put down by the official opposition.

Some hon. Members: Oh, oh!

Mr. Basford: We heard the Leader of the Opposition (Mr. Clark) say the RCMP was being blamed because of the actions of the government. We know that the official opposition has created a climate of suspicion and contempt for the RCMP in this country, and that they are now hoist on their own petard and are desperately trying to manipulate public opinion in order to get out of a predicament of their own making. It has been such an extraordinary afternoon that we have witnessed the right hon. member for Prince Albert (Mr. Diefenbaker) coming into the House in support of his leader. The party opposite must be desperate. We have all heard the right hon. member for Prince Albert express his admiration for the RCMP and his confidence in the force. Yet his party does not have sufficient confidence in the RCMP to ask them to investigate a simple bugging device in an office.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): On a point of order, it was the Speaker of the House who made the choice of the Ottawa city police to investigate that bugging incident.

Some hon. Members: Oh, oh!

[Mr. Laprise.]

Mr. Baker (Grenville-Carleton): Perhaps members on the other side will let me finish my statement. I hasten to point out that it was their own member, the hon. member for Ottawa Centre (Mr. Poulin), who suggested to the Speaker that the Ottawa police be called in.

The Acting Speaker (Mr. Turner): I suggest to the hon. member for Grenville-Carleton (Mr. Baker) that the point he has raised is not a point of order but a matter for debate.

Mr. Basford: My colleague, the Solicitor General (Mr. Fox), in his speech this afternoon drew attention to the need in this country for police and security services. It is clear that, unfortunately, we live in a country where there are people engaged in criminal activity and people engaged in planning and preparing for terrorist activity, people who believe they should engage in espionage and people who think they should operate by violence rather than by democratic means. It is, therefore, evident that we need police protection for our society and our people. The people of Canada, as well as this government, respect the members of the RCMP who have historically provided them with police services of this kind, and we do so today. The RCMP is entitled to respect from the people of this country and is entitled to it from members of the official opposition. Second, we listened to a transparent speech—

Mr. Woolliams: On a point of order, I would hope that the Minister of Justice (Mr. Basford) who holds a position which is supposed to be non-partisan would not make statements which are totally untrue with reference to the position we take with respect to the RCMP. I hope I shall not hear such statements from him again today. I intend to answer those charges.

● (1722)

The Acting Speaker (Mr. Turner): Order, please. I would suggest to the hon. member for Calgary North (Mr. Woolliams) that the Minister of Justice is entitled to his opinion.

Mr. Basford: Mr. Speaker, I hope all of these unfounded points of order, heckling and noise from the other side, are being taken out of the time of hon. members in the opposition, rather than mine. Secondly, we listened to the transparent speech of the leader of the New Democratic Party in which he tried to suggest that the Prime Minister (Mr. Trudeau), myself and other members of the government had somehow supported the concept that people were entitled to break the law. He raised that as a question of privilege this afternoon, and even when I challenged him in the course of his speech to do so, he did not put on the record one piece of documentation supporting that proposition.

I read into the record the position of this government, which has been repeated by the Solicitor General, the Prime Minister and others, that it is fundamental to the operation of the rule of law and the protection of our civil liberties that all people in a country, whether they hold public office or not, whether they be civilians or policemen, operate under and within the law. If

there are any changes needed in the law to accomplish this purpose of effective police protection of our society and ourselves, they should only be undertaken after the most careful and deliberate discussion and debate in parliament, and only after the most careful and deliberate designing of the proper safeguards and checks to assure that our individual liberties and freedoms are in fact protected. That is the position of this government, and any attempt by the NDP and others to say we have some other purpose or some other policy other than that the people must, and should, obey the law is an attempt to mislead the public, and again, as in this debate by the opposition, to manipulate the public and public opinion.

The resolution talks of the responsibility of ministers and the whole concept of ministerial responsibilities. I suggest that the position of the official opposition, if implemented, would mean that members of the government would be interfering in the day to day operations and investigations—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Is the hon. member for Vancouver South (Mr. Fraser) rising on a question of privilege?

Mr. Fraser: I wonder if the minister, on the very point he was raising, would permit a question.

Mr. Basford: No, Mr. Speaker. I have had so many interruptions I will do that at the end of my time, if I have any time left.

Mr. Baker (Grenville-Carleton): Your time is coming quickly.

Mr. Basford: Mr. Speaker, under the Royal Canadian Mounted Police Act and under the policies of the government we have given the RCMP, particularly the security service, a very carefully spelled-out mandate, including the direction to operate under and within the law. This afternoon my colleague, the Solicitor General, outlined a whole series of steps that had been taken over the years to assure that that was done in terms of ministerial responsibility. It is surely the responsibility of ministers and of government to set out or to provide a policy framework for the operation of police forces; but it is to leave, however, the actual day to day operation of the force—and that is of any police force—to the head of the police force itself.

We have had some quotations on ministerial responsibility in this House, many of them learned. Surely it is fundamental to the British system, the Canadian system and all other systems in the Commonwealth that those ministers responsible to parliament for police forces do not interfere in the day to day—

An hon. Member: Nobody ever asked them to. You are misleading.

Mr. Basford: —that they do not intervene in the day to day investigations.

Mr. Fraser: Point to a single place where we have advocated that.

Mr. Basford: The right hon. gentleman, the hon. member for Prince Albert, has come from his province and said that people are watching television and are saying we are not allowing people to speak properly in this House and are not allowing members opposite to ask questions. I have been out in my own province, and people there are equally angry at the opposition for never allowing ministers to make any sort of statement without heckling, yelling and caterwauling from the opposite side. Let me read, for example, from a judgment of the Master of the Rolls, Metropolitan Police Commissioner, *ex parte* Blackburn, as follows:

> No minister of the Crown can tell him that he must, or must not, keep observation on this place or that; or that he must, or must not, prosecute this man or that one. Nor can any police authority tell him so. The responsibility for law enforcement lies on him. He is answerable to the law and to the law alone.

That is in reference to the constable. If we were to follow the suggestions of the official opposition or their policies, we would have the government and government ministers interfering in the day to day operations of a police force—

Mr. Fraser: You are not telling the truth.

Mr. Basford: That is a policy that President Nixon seemed to believe in, but it is not a policy in which we believe.

An hon. Member: You and Nixon would run well in harness.

Mr. Basford: Mr. Speaker, we had allegations, through evidence in a court case, of some wrongdoing by a member of the RCMP. Recognizing our responsibilities which were set out by the Solicitor General, in late May and late June of this year officers of the Solicitor General's Department and mine interviewed people both here in Ottawa and in Montreal and it came to light, through those interviews, that there were two incidents of alleged illegality in Montreal, namely, the arson incident and the incident involving dynamite.

As a result of those disclosures, officers of the Minister of Justice and of the Solicitor General inquired of the then commissioner regarding an explanation. The then commissioner could not receive explanations that were satisfactory to him, and at that point he requested the government to appoint a royal commission into the investigative procedures of the RCMP. That kind of action has been described on the other side as a cover-up. It seems to me it is the exact opposite of cover-up to send officers of the government from here to Montreal to investigate and take statements from witnesses, returning them to Ottawa, and, when not having satisfactory explanations of the statements, setting up a royal commission to investigate.

Surely that is ministerial responsibility, and there is not a textbook in this country or in the British Commonwealth that would suggest that is not acting in accordance with ministerial responsibility. The ministers and the governement did what they were responsible for doing—setting out a mandate to the security service and the police force. When there were allega-

tions, some of which were discovered by ourselves and brought to light by ourselves, we set in place the proper machinery to get to the bottom of them and to get the answers.

If we pass this motion, we would apparently have going on, and relating to the same incidents, a royal commission inquiry under Mr. Justice McDonald, a police investigation in the province of Quebec, a royal commission taking place in the province of Quebec, and a House of Commons special committee with apparently the same powers. This whole situation is serious, as are some of the allegations and suggestions that have been made. They have caused all of us grave concern and they are now causing grave concern all across this country, including grave concern on the part of the commissioner, officers and the men of the RCMP.

Surely, the proper way to get to the bottom of these allegations and suggestions is through the instrumentality of an impartial, non-partisan forum in the form of a royal commission. That is what we have provided, and that is what is going on. We, as a government, will co-operate—contrary to the suggestions of the Leader of the Opposition—to the fullest possible extent with the royal commission. That has been said by the Prime Minister and other ministers in the House, and for the hon. member to suggest in his speech today to the contrary simply reinforces my thesis that today's debate and this resolution are nothing more than a crass, transparent device to manipulate public opinion.

● (1732)

I would suggest if members of the opposition have the regard and respect for the officers and men of the RCMP which they profess, it seems to me in a system of law, wherein the rule of law provides that the most heinous of criminals is entitled to a fair and impartial hearing, that surely members of the RCMP and of the security service, who have served this country well, are entitled to a fair, full, impartial, and non-partisan hearing in the form of a royal commission. Mr. Speaker, that is what we have provided.

Instead, we have the suggestion that we should now have a standing committee or a special committee of the House of Commons headed by a member of the opposition, possibly the hon. member for High Park-Humber Valley (Mr. Jelinek). He made an address in this House not too long ago. At the present time any such committee in this House could in no way provide a fair and impartial hearing on the very serious matters which are at stake here.

Apparently the hon. member for High Park-Humber Valley has not been disowned by his leader, even though he referred to Harvard University as being a spawning ground of leftist intellectuals, and that apparently the University of Montreal has become a pro Castro stronghold.

Mr. McKinnon: Mr. Speaker, I rise on a point of order. The Minister of Justice (Mr. Basford) is not quoting directly from the comments of the hon. member for High Park-Humber Valley (Mr. Jelinek). He is quoting from what the hon. member for High Park-Humber Valley read into the record, which was authored by someone else other than himself.

[Mr. Basford.]

Mr. Basford: Mr. Speaker, I am delighted the hon. member has raised that point of order. That was precisely what I was doing. I can only take it that the interest of the hon. member opposite, and of some of his colleagues, is to introduce into the record of this House things that are utter nonsense.

Mr. Jarvis: Get serious.

Mr. Basford: Actually I am looking for a word which is parliamentary to describe their interest. That indicates the tactics which would occur in a special committee. They would introduce into the record all sorts of utter nonsense, and when they are challenged on it, they try to disown it, and run away from it.

Some hon. Members: Hear, hear!

Mr. Basford: For a number of weeks last May and June hon. members opposite called for a royal commission of inquiry into all that was going on. That commission has been established by the government at the request of the Commissioner of the RCMP. It has backfired on hon. members opposite. Now they are trying to find a device to get out of the political hole they have dug for themselves.

Some hon. Members: Hear, hear!

Mr. Basford: We on this side of the House do not intend to assist them, and obviously we intend to vote against this motion, which is a crass, transparent attempt to manipulate public opinion.

The real reason came to light from the speech of the right hon. member for Prince Albert when he started talking about an election campaign. It is obvious hon. members opposite want to get this committee going before an election, want to have some hearings, and want to fill those hearings with various partisan, political innuendoes. They want it set up so that it would be in full operation before the next election. That is their object. They are not interested in ministerial responsibility. They are not interested in the civilian control of security forces, which is a matter that is being examined by the royal commission. By means of this committee in the very short term, they are trying to get their house in order for the next election. That is their object, and we will not participate in that.

Some hon. Members: Hear, hear!

Mr. Fraser: Mr. Speaker—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member for Vancouver South (Mr. Fraser) that the allotted time of the Minister of Justice (Mr. Basford) has expired.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, in following the hon. Minister of Justice (Mr. Basford) in this

important debate, during the course of my remarks I should like to deal with some of the historic and perhaps constitutional questions involved in the evolution of security and of the RCMP in this country.

It has become obvious to all of us over the years that in examining principles of ministerial responsibility, or the lack of it, with particular reference to security, which is covered in this motion, how unnecessary the growth of undesirable or misguided security methods were, had the government acted conscientiously and efficiently on the report of the Mackenzie Royal Commission on Security tabled approximately ten years ago. Also, it is obvious how stubborn and perverse this government has been over a long period of time in refusing to be frank with parliament, even when it became evident to some of us that something in security matters was going terribly wrong.

Responsible ministers, which include not only solicitors general, were either curiously anxious not to know what was going on, or they lacked any desire to correct the situation. Therefore the present conditions are caused, in a large part, by the negligence and shortsightedness of ministers of the Crown and are exacerbated by the indiscriminate use of section 41(2) of the Federal Court Act, which has roused the ire of the chief law enforcement officers of the provinces who resent the withholding of information which is rightfully, in their opinion, within their jurisdiction.

Another element has been the complacency of the Prime Minister (Mr. Trudeau) who said on February 7, 1977, when I questioned him about government files on millions of Canadians and the necessity of providing Canadians with access to their files and more freedom of information, the following:

> I for one as a Canadian would not admit we have lesser rights than the Americans. They may have more abuses there and that is why, perhaps, they have to have corrective measures.

It appears the Prime Minister's conclusions were wrong. Since that day we have seen that we need corrective measures as well. It was obvious to many of us, apparently before it was obvious to the right hon. Prime Minister.

Security matters in this country, besides being in a state of disarray because of poor judgment and lack of attention on the part of the government, are also complicated by very real constitutional problems. I am sure the Solicitor General (Mr. Fox) and the Minister of Justice are very aware of that.

Both the Attorney General of Canada and the Solicitor General of Canada are concerned with the operations of security. While I would not attempt to specify all of the powers possessed by these ministries, there is a doubt as to whether their powers extend into the administration of justice given to the provinces by section 92(14) of the British North America Act.

If such powers do not extend into this widely defined provincial prerogative, serious difficulties arise; one must look at the Official Secrets Act, for example, before prosecution can be entered, the authority of the Attorney General of Canada is required. An examination of this act clearly reveals that it comes within the meaning of the administration of justice. Furthermore, certain offences contained therein are duplicated in the Criminal Code, which is the responsibility of the provinces. In the latter instance, no such authority for prosecution is required. I wonder precisely where the Attorney General of Canada legally derives his power to override provincial jurisdiction. Also this act provides authority to appoint persons with the powers of peace officers, with no jurisdictional limitations imposed by order of the governor in council. I am not satisfied where it is clearly specified in the law that the governor in council can override the exclusive powers of the provinces in the field of the administration of justice.

We should consider as well another very important statute as far as civil rights in this country are concerned, which is the Protection of Privacy Act. The definition of subversive activity in that statute is very interesting. I seem to recall, when the term itself was put forward, that it was met with opposition. I suspect it was returned to the authorities to come up with some more acceptable forms of definition which finally found its way into the act. If we examine the definition of this term and translate the actions into offences, practically every one will be contained in the Criminal Code. This means that subversive activity also comes within provincial jurisdiction, yet it is the Solicitor General who is responsible for issuing warrants.

This matter requires some explanation. It has been suggested over the years that an assumption has grown up without challenge that the RCMP is constitutionally responsible for national security or internal security, although both terms have no real meaning in law. The only term I can find is "peace and order", and certainly the RCMP is not by definition responsible for that, although they have been its foremost defenders over the years. The assumption has wormed its way into this act as it has into the Official Secrets Act, and if it cannot be substantiated by constitutional law, it can be establishing a very dangerous precedent.

● (1742)

One must take a very hard look at whether the role of a security service should include an enforcement function. Perhaps to be consistent, if it is to be a federal responsibility, it should not have this power, which brings it back into an even more apparent conflict on jurisdictional grounds.

I believe that parliament should seriously consider that the term "defence", set out in section 91(7) of the British North America Act, should be defined to include the term "security intelligence" which should also be defined. This would place the matter firmly at the federal level and overcome the jurisdictional problems which are inherent at this time.

I think it is obvious as well at this point that military intelligence activities, by virtue of section 91(7), have a far clearer and more legitimate function than the security activities of the RCMP, and this to my mind is an unfortunate situation. If section 91(7) were amended in this way, the Solicitor General would be on firm legal ground for the issuance of warrants under the Protection of Privacy Act.

While parliament may legislate laws for peace and order, I submit that it has constitutionally no power to administer

justice in the provinces. Logically it seemed a bit irregular, I suggest, for parliament to have a statutory police act in these circumstances, but years ago it did just that when it enacted the Royal Canadian Mounted Police Act, which provides authority for members of the RCMP to be appointed peace officers in every part of Canada, thereby allowing unlimited jurisdiction, which again provides the provinces with a good constitutional argument.

It is now very apparent that this is being interpreted as a licence for the RCMP independently to enforce laws which may be the sole enforcement responsibility of the provinces. It is not difficult under the circumstances to envisage a growing concern, police rivalry, and federal-provincial conflicts. In fact we seem to be in precisely that kind of scenario at the present time.

Recently the Quebec Minister of Justice stated in the national assembly that the RCMP was invading the provincial field in the administration of justice. He charged that this behaviour was unacceptable, and demanded that the force report to provincial authority. In Ontario we find the RCMP under similar circumstances, while in Alberta, which is a contract province, there is a clash between the attorney general, the RCMP, and the Department of National Revenue.

Who is responsible for these dilemmas? Is it the RCMP? I suggest that it cannot be, and that over the years parliament has been derelict in allowing this kind of situation which is now surfacing at a very inopportune time to develop.

Let us remember that in 1871 there was an addition made to the BNA Act providing parliament with the power to administer peace, order and good government in any territory not for the time being included in any province. In 1873 the Northwest Mounted Police, now the RCMP, was established, with its headquarters in Regina. The parliamentary authority to so administer was obviously the authority to form a police force.

As the provinces came into being and the area of the territories was accordingly reduced, parliament could no longer administer peace and order within these new boundaries. It follows that the Northwest Mounted Police similarly lost its territorial jurisdiction and, facing some pressure, the force moved its headquarters to Ottawa, simultaneously changing its name to the Royal Canadian Mounted Police. One of its functions was to assist certain federal departments in the enforcement of their governing federal statutes, notably the customs and excise acts. Obviously a decision was made that in order to enforce these statutes the executive powers of a peace officer were required, hence the provisions in the RCMP Act. This is the crux of the federal-provincial conflicts which are now surfacing.

In those provinces where the RCMP is on contract to enforce laws on behalf of the provinces, for all intents and purposes that force is the provincial police force, following in the footsteps of the original provincial forces which had been appointed under the police acts of the individual provinces. In this role those members of the RCMP engaged under these contracts should rightly be qualified under the relevant police acts of the provinces for the duration of the contracts.

[Mr. MacKay.]

Those federal statutes outside the meaning of the administration of justice and enforced by the RCMP are another matter. The appointment of the RCMP for such enforcement duties should be by way of the individual statute, and any powers required limited to the provisions of the act; all operating costs being paid out of federal funds, which again would go a long way to assuaging the problems in Quebec.

I note that the presidents of Bell Telephone Company and the Canadian Chamber of Commerce have both recently commented, and with apparent alarm, on the invasion by the present federal government into the exclusive affairs of the provinces. I suggest that this situation applies equally to the federal police force, and the prescription for this is to amend the RCMP Act and other specific statutes to produce the cure for the jurisdictional disease which is causing problems in the administration of justice in this country.

By modifying the course now being undertaken by the RCMP a partial vacuum will be created. This, however, could readily be filled, in my submission, by giving that force a prime function—and I underline that prime function—in the criminal intelligence field against organized crime and a more clearly defined security and intelligence capability.

I sense that the Solicitor General himself is far from pleased with the efforts in this field and does not fail to make mention of police rivalry. In this sense I believe the term "rivalry" should be interpreted as jurisdictional resentment, and that can be eliminated only by jurisdictional corrections.

I would now like to turn to another matter, which I consider perhaps of most importance. I refer to the security service. In doing so I am prepared to suggest some changes, but as a preliminary I would like to point out that parliament has been very remiss in failing to take any positive interest in this specialized field. This obvious lack is no less than a sin of omission. It was the RCMP, acting on its own initiative, which first became interested in certain political threats against Canada, and over the years—and continuing largely on its own initiative—it has increased and expanded its function, but for want of direction produced its own ground rules.

The function of the security service has been accepted as a police role, which in turn means that it is an enforcement function. Acting under this impression we are once again confronted with jurisdictional problems from which there is no escape. Or is there? I quote from the Mackenzie Royal Commission Report on Security of 1969 as follows:

> Defence against threats to security is a duty and responsibility of a state comparable in meaning and relevance with defence against armed attack and insurrection.

Enforcement actually is only a by-product of the security role, and a very minor one at that. Further, the offences become, within the meaning of the administration of justice, a provincial responsibility. The police in the provinces, I am certain, are quite capable of providing enforcement, but only when they are given information.

Of fundamental importance is the following quote from the Mackenzie royal commission when reporting on the RCMP:

> There is, however, no explicit statutory authority for the security role.

With these thoughts in mind I am convinced that the role of the security service should be one of defence. Therefore I suggest that the term "defence" as contained in section 91(7) of the BNA Act be defined to include the term "security intelligence" and the latter term be defined tentatively along these lines, much in keeping with the Official Secrets Act:

Security intelligence is that information relating to the activities of persons, organizations and foreign powers which may be prejudicial to the safety or interests of the state.

Assuming we can have these two terms defined by law, the stage is then set for parliament to enact a statute relating to the security service, thus establishing the type of service it requires and its governing provisions.

An organization involved in such sensitive and important work should have a clear charter issued by parliament. The charter, which should not be so restrictive as to render the security service impotent, must be in the statute. The function of that service should be the acquisition of security intelligence as defined, which in turn is a role of defence. Thus, not only do we achieve constitutional authority not envisaged by the authors of the BNA Act, but also parliamentary control by way of statute and the elimination of the existing jurisdictional problem, which is perhaps the most important of all. Finally, continuity is established.

The security service must be raised in status comparable to its function and made sufficiently attractive to induce the professionals required, something which a military or para-military type of organization finds difficult to offer.

The British learned long ago that when they gave the responsibility for security intelligence to the police, the police in turn engaged specialists. A classic or conventional police service could not cope with the problem.

Freedom of movement and flexibility of mind are two fundamental terms in the intelligence world. Military and para-military organizations find it difficult to achieve the flexibility of mind required of a security service for the very reason that the whole concept is the rule by rank.

● (1752)

The military rank structure, even at officer level in the military orbit, militates against the operational levels functions and initiatives required of a security service. While it is always possible to operate at a lower level in a military format, it is next to impossible to do so at a higher level than status permits. Excepting support staff, this should warrant attention.

The size of the security service largely depends upon its targets, but a service that is not held in check by expert senior administrators can potentially load itself to the point of saturation, saturating both itself and its targets.

It is very tempting for some to avoid, at all costs, the taking of a calculated risk, but such a risk must be taken. It is obviously far better to have a small competent service than one which is unable to determine what is important and that which is not important and divide the two. The laws of Parkinson must be kept in mind.

There is one area which, quite frankly, baffles me. The Solicitor General has a group known as the Security Planning and Analysis Branch, SPAB, which has undergone a metamorphosis of name changes since its conception a few years ago. If its title reflects its function, it can only imply the present government lacks confidence in the capability of our national police force.

In no other federal organization can be found such an invoked barrier between a department and its minister. One has to ask, in assessing Colonel Bourne's organization, what are its standards of qualifications? How are they set, and by whom? What are its objectives, its terms of reference, and have these objectives been met? Unless positive answers are forthcoming, and its role justified, there seems no alternative than to get rid of it. Certainly since it has been established I know of no particular service it has achieved with distinction. A series of solicitors general and other ministers of the Crown do not appear to have been particularly well briefed or served by this organization.

It is quite interesting to note, by checking as far as I have been able, the type of people who have been seconded. To be specific, there was a very highly qualified, in the technical sense, employee of Bell Canada. What would his function be? There are other specialists whose role is unclear to me. Mr. Speaker, the very existence of SPAB, under its present circumstances, to my mind is nothing less than an affront to the RCMP and, to my mind, it should be eliminated. I suspect that many—

Mr. Blaker: Mr. Speaker, I rise on a point of order. I most sincerely regret interrupting the hon. member whose comments I generally find worth attention. May I repeat to him, however, what the Solicitor General (Mr. Fox) said this afternoon, and what I believe the hon. member himself has said on previous occasions, that the very information he is asking for has been made available to the Standing Committee on Justice and Legal Affairs by briefings of that section of the Secretariat to the Solicitor General. Those briefings will again be available in forthcoming weeks when the estimates of the Department of the Solicitor General will be before that committee. It seems to me inappropriate to persist in arguing that they are not available when they have been offered no later than this afternoon by the Solicitor General.

Mr. MacKay: Mr. Speaker, I appreciate the intervention by my friend. All I can say in response is that while we have been assured on different occasions that information is available about this and other groups, it has been apparent in recent months that not even the ministers concerned with these people have been fully aware of the extent of what they are doing and have done. I think the hon. member would concede that.

I think it is quite fair for me to comment that this particular group, in my opinion—and all members are entitled to their opinion in this House—has not particularly fulfilled any notable or any effective function. Is it a channelling group? Is it an organizational group? We have been told it is, yet

nowhere have I ever seen any evidence that this group has provided any particular meritorious service either in channelling or analysing information. I do know, as I think the hon. parliamentary secretary knows, that it has caused a considerable amount of resentment and disquiet in the RCMP. I do not believe that it has that type of security competence that I have suggested might be considered for the security service. It seems to be—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Some hon. Members: Continue.

The Acting Speaker (Mr. Turner): The hon. member may continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. MacKay: Thank you, Mr. Speaker. I appreciate that very much. I would appreciate being informed if I am wrong, but I do not see in the service being presently performed by SPAB any particular justification for keeping this organization. I do not believe it has the capacity or the qualifications that would bring it within the definition of the role of intelligence services performed in other countries. Obviously it has not the type of background or organization that is found in the RCMP. I do not use this word disrespectfully, but in the Anglo-Saxon term it seems to me to be sort of a bastard organization. I mean no disrespect in that. It has some people seconded from the RCMP—career officers—it has a technical input and it has a military input, and yet—this may be my own deficiency—but I am not clear on its function, in terms of either helping the country's security, assisting the work of the RCMP or military intelligence, or whatever. It may be, if it is purely non-operational and analytical, that it is superfluous.

I am quite prepared to concede that I may be wrong. I would suggest, however, under the circumstances, with the greatest respect, that it is nothing less than an affront to our existing security organizations. If it were up to me I would strongly urge that it be disbanded.

Some hon. Members: Hear, hear!

Mr. Woolliams: On a point of order, Mr. Speaker, now that it is just a few seconds to six o'clock, might I call it six o'clock?

Mr. Blaker: Mr. Speaker, I understand that the next speaker when we resume at eight o'clock will be the Parliamentary Secretary to the Deputy Prime Minister and President of the Privy Council (Mr. Pinard).

Mr. Woolliams: I had been recognized, had I not?

The Acting Speaker (Mr. Turner): I would suggest to the hon. member for Calgary North (Mr. Woolliams) that he was recognized on a point of order. The Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) will be the next speaker.

[Mr. MacKay.]

Mr. Woolliams: May I answer that, Mr. Speaker? I am not making anything of it, but I did misunderstand. It is not always easy to hear down here. I appreciate Your Honour raising the question. I did not want to be difficult about it.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

INCOME TAX ACT—ALLEGED CONTRAVENTION OF PRIVACY PROVISIONS—GOVERNMENT POSITION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I am going to deal briefly with a question I raised with the Minister of National Revenue (Mr. Guay) with respect to the confidentiality of the income tax forms of ordinary Canadians.

I am not at this time suggesting that there should not be, if it is clearly set out by parliament, some arrangement to attack tax information that can clearly be identified as emanating from or concerned with organized crime. In regard to the questions that I asked of the minister, I must say I am not satisfied that he has demonstrated he has sufficient concern or indeed sufficient knowledge of the situation with respect to the interface or relationship between RCMP security and National Revenue. It concerns me very much, and I should like to read a couple of things into the record which I believe will be of some assistance to the House.

Perhaps hon. members have not had an opportunity yet to be aware of testimony being taken at the commission of inquiry before Mr. Justice Laycraft. Inspector Graham George gave evidence on November 14, yesterday, and I should like to put a brief excerpt of his testimony on the record. He said:

There were many, many investigations where the income tax and the police forces acted together.

Mr. Jenkins, lawyer for Royal American Shows, asked:

If they (the tax department) wish to breach the Income Tax Act, in co-operation with your officers, that is fine with you?

The witness answered:

If you want to put it that way.

● (1802)

Then there was this question by Jack Major, another counsel:

There was a wide scope of investigations (involving both tax men and RCMP) that operated outside that (1972) agreement entirely?

The answer was, "Yes, sir".

Some years ago I was concerned, as were many other members, at the situation which occurred when William Buchanan, the then chairman of the anti-dumping tribunal, ran into some abuse of National Revenue authority. Members will

recall that evidence was received that National Revenue had sent in a tax investigator on the pretext of doing a routine audit, when in fact the investigator appropriated evidence to support conflict of interest allegations. The justice in this case who rendered the final decision was none other than Bora Laskin of the Supreme Court of Canada. In dealing pretty harshly with the then minister of justice, I might add, he had this to say:

> I resist the temptation to expatiate on the way in which records were obtained from Buchanan and on the attempted use of the appellants' documents against Buchanan, although obtained on a confidential basis for the purposes of the Combines Investigation Act... or of the Income Tax Act. I say only that unjustified tactics were employed.

I repeat the words "unjustified tactics". So we have the Chief Justice of the Supreme Court of Canada saying in his judgment these things, which were extremely relevant and very harsh at the time, and which have been shown with the passing years to be very much apropos.

I am not one of those who are paranoid, and I recognize that in some areas we have to have extraordinary powers given to the police. But I resist strongly the suggestion that the police ought to be able surreptitiously, without a clear definition being given of the purposes for which they do it, to get access to the income tax files of millions of ordinary Canadians who have operated through the years in the sure and certain belief that if there is anything that was as inviolate as the mails—before we found out how opposite to inviolate are the mails—it was the income tax returns, which they sent in.

I think it is incumbent at this time, in view of the information which has been provided to the Solicitor General (Mr. Fox), and which is coming from the Laycraft commission of inquiry, that the Minister of National Revenue at the earliest possible opportunity demonstrate his mastery of his portfolio, that he demonstrate that he understands the trust that he has, that he demonstrate that he knows what is going on, and that he stand up on motions and assure us as parliamentarians and as Canadians that, if there are encroachments upon this principle of confidentiality, they are very narrow. He should assure us what their scope really is, what are the circumstances under which the police do these things, and, most of all, that he knows about it and approves of it.

So far as National Revenue is concerned, I am afraid that, unless this is done, the people of Canada will be justified in drawing the conclusion they have drawn so far as solicitors general in recent years are concerned, that what has been going on certainly has not been within the knowledge of the minister concerned or, that if it was within the knowledge of the minister, that it was not with his approval.

This is a very serious matter, Mr. Speaker. The income tax reforms which we are talking about mean nothing if it turns out that the very basis upon which these returns are sent in is unclear and suspicions are left in the minds of Canadians that their returns are subject to arbitrary use by the police authorities, those returns having absolutely no reason to be included within any definition remotely resembling organized crime.

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, before dealing with any remarks on alleged infractions of the privacy or secrecy provisions of the Income Tax Act, for the benefit of the hon. member I would like to make clear just what these provisions are. They are set out in great detail in section 241 of the Income Tax Act, and they are quite exacting.

Except as authorized by the act, "no official or authorized person" may give out information collected for the purposes of the act or permit others to have access to records obtained for those purposes. However, the law does say that these officials and authorized persons may communicate the information to other officials and authorized persons for purposes of the administration and enforcement of the tax law.

● (1807)

The act also makes it very clear that official and authorized persons need not in all cases be employees of the Department of National Revenue. To quote the act in part, an "official" is defined as:

> Any person employed in or occupying a position of responsibility in the service of Her Majesty.

An "authorized person" means:

> Any person engaged or employed to assist in carrying out the purposes of this act.

With one of the main points of the hon. member's question in mind, the Department of National Revenue is therefore clearly allowed to give tax information to the RCMP when we have asked them to assist us in a tax matter, since RCMP officers are very obviously "officials", as defined by the Income Tax Act. I might emphasize, however, that by the same token RCMP officers, as "officials" when they are in receipt of tax information, are bound by the same secrecy provisions of the act as are the employees of the department itself.

There are other items dealt with in the privacy provisions of the act in question concerning restrictions on the supplied information required in connection with legal proceedings, when it may and when it may not be supplied. I emphasize again, for the benefit of the hon. member, that these are not new provisions. They go back, with minor adjustments, for many years.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. parliamentary secretary but his allotted time has expired.

HEALTH—INSULIN—REQUEST FOR REPORT ON POSSIBLE PRODUCTION CUTS AND PRICE INCREASES

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I welcome this opportunity to pursue my recent question to the Minister of National Health and Welfare (Miss Bégin) requesting an investigation of disturbing news of possible insulin shortages in Canada in the near future. Also the cost of insulin to diabetics has increased significantly, especially in the Toronto pharmacies.

This was disturbing news to many people, as insulin was discovered in 1921 by Toronto medical researchers, Frederick Banting and Charles Best. As we all know, Dr. Banting and Dr. MacLeod both received in 1923 the Nobel prize in medicine for this great work. What is also disturbing is that the Connaught Laboratories of the University of Toronto, now a subsidiary of the Canada Development Corporation, is virtually the sole Canadian manufacturer of insulin. In the past it has kept down the price of insulin.

In 1922 the cost of insulin was $10 per 100 units, but was reduced to 25 cents per 100 units in 1941, and remained at about that level until approximately 1960. Since 1961, and especially since 1967, the cost of insulin has increased dramatically. Today the Ontario Parcost Comparative Drug Index quotes the price of $6.70 for 100 international units of pork Toronto insulin. Of course, the price is much higher in certain private pharmacies in Toronto and neighbourhood.

● (1812)

What is also disturbing is we hear that the current feeding methods of livestock will result in lower yields of insulin from pancreas glands. More disturbing from the speech of the Minister of Agriculture (Mr. Whelan) on October 26 in this House is that Canada will be a net importer of pork this year because there is a reduced production of pork by 46 per cent in Canada. We are not self-sufficient in pork in our country. Therefore we will have to import pork. With the level of the Canadian dollar as it is, the price of pork pancreas will increase, as will the price of insulin.

This brings me to a disturbing question which many people are asking, not only diabetics but also diabetologists. Since we are going to see an increase in the price of insulin and specialty insulin preparations, we would like to know what Canada is preparing to do about this eventuality.

The United States is already making contingency plans to make sure they will not be caught with a shortage of pancreas glands. From some manufacturers we learn that it takes about 16 head of cattle plus 16 pigs to provide enough insulin for one diabetic for one year. As more and more diabetics are being diagnosed and require insulin, it looks as if demand for the pancreas glands will keep the prices up.

In view of the analysis of the situation that there is very little hope that prices will be controlled, especially from rising too high, and as we are not self-sufficient in pork, every effort should be made to find new ways to improve the production methods of insulin.

The government should investigate this disturbing news that we will probably be short of pork insulin in the future and that the cost of developing pork insulin and specialty insulin preparations will be high. That is why I hope the parliamentary secretary or the representative of the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson) will give us some assurance that the government is doing something about the problem of insulin production and insulin prices in Canada today and in the near future.

[Mr. Haidasz.]

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I would be very curious to learn the source of the information placed before the House by the hon. member for Parkdale (Mr. Haidasz), as I am sure would be the Department of National Health and Welfare and possibly the Ministry of Agriculture, with regard to his statement that we are going to have a shortage of pork.

From time to time over the last two years, questions have been raised in the House and by the press relating to the availability and supply of materials for the production of the essential drug product insulin, needed by persons suffering from diabetes. Insulin, a naturally occurring hormone, is prepared from the pancreas glands of cattle and pigs, obtained at the packing plant level.

Let me first address the question of availability of animal pancreas. Until 1973, despite a ban on exports of beef pancreas, Canada was partially dependent on imports of pancreas glands and insulin to meet Canadian needs for insulin. Self-sufficiency was attained when collection procedures in packing plants were made more efficient and prices rose to world levels, thus encouraging more efficient collection.

Generally speaking, Canadian prices for pancreas glands are at par with U.S. prices which are decisive in determining the world price. Until 1973, Canadian insulin manufacturers paid less than the world price, and since then prices have increased up to the world market price. For the information of hon. members, the pancreas of beef and calves offer the most efficient yield of insulin; pork pancreas are one half to two thirds as efficient. The latter are not subject to export controls.

At the present time, I am informed, the total poundage of pancreas in storage is at historically high levels.

Questions have also been raised about the cost of insulin and its availability and reserve in Canada. Mr. Alun Davies, Executive Vice President of Connaught Laboratories Limited, the domestic producer of insulin, was contacted to determine if there was any potential for insulin shortage in Canada. He advised officers of the health protection branch of the department that current reserves of insulin are at an all time high and Connaught Laboratories Limited have an inventory which would supply all Canadian needs for a period of one to one and a half years, even if there was no more production of insulin at all.

● (1817)

As a result of increased production costs, the price of insulin rose some 10 to 12 per cent in each of the years 1975 and 1976. Increases in the price of pancreas and increased production costs necessitate a further 20 per cent increase in 1977. These increases in the price of insulin are not tied to any decrease in production or linked with the export of pancreas. I have just said that supplies of both pancreas and insulin are at levels ample to supply Canadian needs.

Permit me to remind hon. members that pork pancreas, which are not subject to export controls, are subject to wide price fluctuations on the world market and are less efficient

for insulin production, and hence the insulin produced from these is more costly than that produced from beef.

In this light, I think that Canada is fortunate indeed—

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. parliamentary secretary but his allotted time has expired.

REGIONAL ECONOMIC EXPANSION—ALLEGED FAILURE OF DEPARTMENTAL PROGRAMS—POSSIBILITY OF CHANGE OF POLICY FOR ATLANTIC REGION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I welcome the opportunity to pursue a little further with the government and its representative the question of the role of DREE, particularly as it affects the Atlantic area in the light of the desperate situation in which that area now finds itself.

When I raised this question on November 8 I drew attention to the work and studies done by the Economic Council of Canada and urged that these efforts be recognized by the minister. The Economic Council in its report "Living Together", indicated clearly that in the Atlantic region, at least, if not in all the disparate regions of Canada there was a surplus potential which could be exploited without over-exciting or agitating the inflationary pressures which exist in Canada today. I asked the minister whether it was not now time to take heed of the advice given by the council and apply what it termed innovative fiscal policies to the Atlantic region particularly, as well as to other disparate regions. I asked the minister whether or not consideration was being given to the application of new procedures, new incentives, to help balance out economic opportunities in various parts of this country.

The subject has become a lively one in recent days. The minister, in a well orchestrated effort yesterday, found an opportunity to respond to the hon. member for Algoma (Mr. Foster) suggesting—this was the inference—not only that the department would carry on but that there had been no discussion whatever with respect to the future of DREE. This was in spite of the admission a few weeks ago by the Secretary of State for External Affairs (Mr. Jamieson) and the minister once responsible for the department, that it had failed in terms of its objectives.

In any event, the question of the department's future is not the one which I am raising. The question is whether or not the minister and the government have any proposals before them which might correct the disparate position in which the Atlantic area finds itself. Any such proposals must centre upon the development of new and innovative approaches to means of achieving economic expansion. Quite simply, we have to put an end to the "leakage" which has been occurring with regard to all forms of government aid going into these incentive plans and other ad hoc programs. It now runs as high as 70 or 75 per cent.

● (1822)

For every dollar that goes into the Atlantic region in the form of these grants, 70 cents or 75 cents of it goes back to central Canada, Quebec and Ontario, to purchase machinery, building supplies, electrical cable and so on. The Maritimes do not get to keep the money. Of the $155 million we have had under the Regional Development Incentives Act, the Atlantic region has retained less than $30 million. This has to be turned around.

When will the government recognize the surplus potential which exists in Atlantic Canada? When will it recognize that this surplus can be developed without fanning inflation? When will it use DREE in a way which will rid the Atlantic region of disparity?

There is room for the application of innovative ideas. Now is the time. There is need for greater tax cuts and the entire question of job development incentive in the tax area. As the hon. member for Halifax (Mr. Stanfield) has said on a number of occasions in this chamber over the last eight or ten years, we have to look for methods of developing and changing trading patterns. Failure to do these things will result in the continuing situation that faces us.

When the economy of Canada is high and going along well, we enjoy the benefits. When it turns soft, the Atlantic provinces go down much more rapidly than the rest of the economy. When the economy goes back up, we are so much further down and so much slower at recovery that the gap tends to widen. That is the nub of our problem. I can argue that the application of DREE has done more to bring pressure to bear on provincial and municipal social welfare programs—

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, in commenting upon economic development in the Atlantic region of Canada, I wish to restate that the government has such a policy and that programs to give effect to that policy are being implemented.

Once again I must explain to the House that the DREE policy aims at strengthening the medium to long term economic base of the Atlantic region, and that it cannot be measured against short term job creation objectives. Also I must repeat that all of the North American continent, and indeed the world, has been experiencing an economic decline in the past three years. It is not realistic to expect that the Atlantic region of Canada can be exempt from that economic situation.

Criticism of the department has been aimed almost entirely at incentive programs which comprise scarcely more than 10 per cent of the DREE budget in Atlantic Canada. However, that 10 per cent can be demonstrated to be successful in terms of job creation. The remainder of the budget is directed to longer term developing strategies which, with the full concurrence of the provincial governments of the four Atlantic provinces, are being put into effect. The Economic Council of

Canada has not criticized these strategies. The Atlantic Provinces Economic Council supports these strategies.

● (1827)

The philosophy and policies of development for the Atlantic region were formulated with the governments of the Atlantic provinces in 1974 at the beginning of the world turn-down. These policies, however, which range over the more productive and efficient use of resources, the enhancement of more value added and industrial development in the region, necessary infrastructure for economic development, and the reinforcement of urban centres of strength, remain valid and will pay off. At the present time over 35 action pacts under these strategies are under way across the region and will produce measurable results in the coming years. I know that the Atlantic provincial governments support DREE. I am firmly convinced that the people of the region also support and understand what DREE is doing in Atlantic Canada.

The Acting Speaker (Mr. Turner): The motion to adjourn the House is now deemed to have been withdrawn. I do now leave the chair until eight o'clock tonight.

Motion withdrawn.

At 6.28 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NON-CONFIDENCE MOTION—ALLEGED FAILURE OF MINISTERS TO ACCEPT RESPONSIBILITY FOR METHODS USED BY SECURITY FORCES

The House resumed consideration of the motion of Mr. Clark:

That this House has no confidence in the competence or desire of this government to follow the principle of ministerial responsibility, particularly as it applies to the direction of and methods used by the government security forces, and deeply regrets its unwillingness to allow a committee of this House to study the role of ministers in security operations.

● (2002)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, if we are to judge by the mealy-mouthed and monotonous comments of the previous speaker, the hon. member for Central Nova (Mr. MacKay), whose full and specific meaning eluded us because he read a little too fast an overly lengthy text, which is in contrast with his enthusiasm of the last two weeks in this matter, there is no doubt now, Mr. Speaker, that the opposition has been called to order by an alert public opinion fully aware of the priceless value of the RCMP. It is now beating a retreat and avoiding any disparaging comment against an organization which after all deserves the respect and admiration of all Canadians.

[Mr. Maine.]

Faced with the double standard of behaviour suggested by the opposition, namely our unwarranted intervention for which we are blamed in the inquiry about the Sky Shops affair or the lack of it in the case involved in this debate, it is important, Mr. Speaker, to point out among significant facts one that deserves attention and seems to be deliberately overlooked by the opposition, that is the creation by the government on last July 6 of a royal commission of inquiry, the McDonald Commission. Therefore, it is important to review the facts in the true context of an institution democratically and legally constituted to shed light on the whole matter. So, on July 6, 1977, the government acknowledged several facts, and I quote,

... the government acknowledges the fact that it has been established that certain persons who were members of the RCMP at the time did, on or about October 7, 1972, take part jointly with persons who were then members of la Sûreté du Québec and la Police de Montréal in the entry of premises located at 3459 St. Hubert Street, Montreal, in the search of those premises for property contained therein, and in the removal of documents from those premises, without lawful authority to do so;

The government acknowledges the fact that allegations have recently been made that certain persons who were members of the RCMP at the time may have been involved on other occasions in investigative actions or other activities that were not authorized or provided for by law;

The government acknowledges the fact that, after having made inquiries into these allegations at the instance of the government, the Commissioner of the RCMP now advises that there are indications that certain persons who were members of the RCMP may indeed have been involved in investigative actions or other activities that were not authorized or provided for by law; and that as a consequence, the commissioner believes that in the circumstances it would be in the best interests of the RCMP that a commission of inquiry be set up to look into the operations and policies of the security service on a national basis;

● (2012)

The government recognized, on July 6, 1977, and I quote:

Since public support of the RCMP in the discharge of its responsibility to protect the security of Canada is dependent on trust in the policies and procedures governing its activities;

Finally, Mr. Speaker, on July 6, 1977, the government acknowledged the following:

AND WHEREAS the maintenance of that trust requires that full inquiry be made into the extent and prevalence of investigative practices or other activities involving members of the Royal Canadian Mounted Police that are not authorized or provided for by law.

THEREFORE, the Committee of the Privy Council, on the recommendation of the Prime Minister, advise that—be Commissioners under Part I of the Inquiries Act.

Members of the opposition who have been complaining that the commission of inquiry does not have the necessary powers to investigate all details of the incidents referred to these last few weeks should read sections 4 and 5, Part I of the Inquiries Act. Section 4 clearly stipulates the following:

The commissioners have the power of summoning before them any witnesses—

Including ministers.

—and of requiring them to give evidence on oath, or on solemn affirmation if they are persons entitled to affirm in civil matters, and orally or in writing, and

to produce such documents and things as the commissioners deem requisite to the full investigation of the matters into which they are appointed to examine.

Section 5 of the act which applies and to which the order in council establishing the McDonald Commission refers, stipulates the following:

The commissioners have the same power to enforce the attendance of witnesses and to compel them to give evidence as is vested in any court of record in civil cases.

Mr. Speaker, I read the preamble of the decision of the Privy Council to establish a royal commission of inquiry on last July 6 and I restated the facts it acknowledges and the provisions of the Inquiries Act to show that opposition members were wrong when they said the commission did not have all the powers it needs to clear up the incidents for which a branch of the RCMP has been blamed. I wanted to set the record straight because the situation must be analyzed in its proper perspective.

In a fable about a mountain that gave birth to a mouse, La Fontaine said, and I quote:

Une montagne en mal d'enfant
Jetait une clameur si haute
Que chacun au bruit accourant
Crut qu'elle accoucherait sans faute
D'une cité plus grosse que Paris
Elle accoucha d'une souris.

When scandals are not what some would like them to be, they make up their own! Thanks to the tremendous means of communication and amplification offered by modern media, a mountain is made out of a molehill. That is how after enough time has gone by history will undoubtedly interpret the explosion of righteous indignation we are witnessing with regard to the alleged "RCMP scandal" which I sense as a camouflage for a display of lowly demagogy and political partisanship.

The real RCMP scandal is not so much the incidents of which it has been accused, however wrong they may seem, as the frantic manner in which they are used not only to embarrass the government but to debase and tarnish an institution which, despite its errors, remains one of the most worthy of our society's confidence.

Mr. Speaker, the words I have just cited were written by an ordinary citizen and published in an eastern townships newspaper on November 10, 1977.

The Canadian people, Mr. Speaker, are now shocked by the way this debate raised by the opposition parties is evolving. Certain procedures of this House allow the opposition to make its point and I do not mind if it uses them completely. It is within the rules of parliament. However, there has been an abuse of procedure because in two weeks and a half they have used almost every single question period and almost every single motion proposed pursuant to Standing Order 43 to attack systematically the credibility of the RCMP. The opposition found it necessary to ask for an emergency debate as it did on October 31 to attack systematically and discredit the RCMP, and the opposition used its own leader, which is unusual, to participate in a late show at six o'clock pursuant to a special order of this House for the month of November and this once more to denigrate the RCMP.

And today, Mr. Speaker, this opposition day is again used to blame and attack systematically the RCMP, but had the opposition been more objective and more sensitive to the needs of the people it would have used that time today to discuss economic matters or, as this is November 15, to discuss Canadian unity.

Mr. La Salle: We will get around to the economy!

Mr. Pinard: Mr. Speaker, I hear the hon. member for Joliette (Mr. La Salle) shouting. He knows very well that today is November 15 and this is a good opportunity to speak about Canadian unity but his party forces him to denigrate the RCMP.

Mr. La Salle: We do not criticize the RCMP, but the government. Read the motion.

The Acting Speaker (Mr. Turner): Order, please. The Parliamentary Secretary to the President of the Privy Council has the floor.

Mr. Pinard: Mr. Speaker, the opposition had a very good opportunity recently to demonstrate its good faith in this whole issue. The opposition had the best opportunity to demonstrate the great confidence it claims to have now in the RCMP.

Mr. Speaker, it will be remembered that not very long ago, all of a sudden two pieces of equipment reportedly meant to be used for wire-tapping were found in the offices of two members of the opposition, namely the hon. member for Central Nova (Mr. MacKay) and the Leader of the Official Opposition (Mr. Clark). How is it, Mr. Speaker, that at that time it was deemed proper to request the services of a little known company of private detectives from Toronto to handle, analyze and report in the first instance on that so-called wire-tapping equipment, when it would have been easy to call in the Royal Canadian Mounted Police? Why did the opposition not take the opportunity to prove its trust in—

An hon. Member: Shame!

Mr. Pinard: —when the RCMP was better equipped and could easily have found that equipment, analysed it and made a report to the House early in the game, Mr. Speaker.

An hon. Member: They wanted a private firm!

Mr. Pinard: Mr. Speaker, I say that calling in a private firm rather than the RCMP is strange indeed. That private firm found so-called wire-tapping equipment only in the offices of two members of the opposition. Later on, this House launched an inquiry; almost one hundred offices were visited, not by that private firm from Toronto, but by the House security services. Mr. Speaker, no one has heard of wire-tapping equipment being found in any office other than those of the hon. member for Central Nova and the Leader of the Opposition. I understand the suspicions of the right hon. Prime Minister of Canada (Mr. Trudeau) when he mentioned again yesterday

that he had doubts about where those gadgets came from. I understand him very well, Mr. Speaker, but what strikes me most in this whole story is the obvious lack of respect and confidence that opposition members have shown for the RCMP. And it was reflected not only—

An hon. Member: Shame!

Mr. Pinard: —it was reflected not only in the situation I have just described but also in the remarks they have made for the past two and a half weeks during which they used all the procedures and tactics conceivable in this House to criticize and systematically discredit the RCMP regarding some isolated incidents into which a royal commission, an institution that was set up in a democratic way, will inquire and report.

Mr. Speaker, I blame the opposition for overlooking our institutions. This royal commission is set up in a legal and democratic manner. It has a mandate and I wonder why the opposition has been ignoring it for the past two weeks and a half. Apparently they want to take its place, make a judgment and consider facts one after the other in an attempt to discredit the RCMP and put the blame on the Solicitor General of Canada.

Some hon. Members: It takes cry babies! Unbelievable!

Mr. Pinard: Mr. Speaker, when the right hon. Prime Minister says that opposition members specifically are behaving as cry babies, he is right. These people would have been better advised to use these two weeks and a half of the time of the House of Commons to discuss the real problems of our society. Our economy needs some practical advice and a constructive opposition in the House. Our country's economy needs the co-operation of members on all sides of the House.

An hon. Member: That is too much to expect from the opposition.

Mr. Pinard: National unity is at stake and they manage to criticize those who try to help us maintain a peaceful and healthy social climate. If there were any illegal acts, if there were any isolated cases among the thousands which the RCMP are investigating, the federal government is not ignoring them. As soon as it became aware of them it has referred those cases to an existing royal commission one after the other. We can only wait for the McDonald commission to do its work and report to us later on. The federal government has always insisted that the rule of law should be respected. It will not oppose, if necessary, the proceedings which might be instituted against those who may have been at fault. In the meantime, however, I am all for applying the most equitable principle known in our society and to grant the benefit of the doubt; a person must be presumed innocent as long as he has not been found guilty in a court of law. I suggest it is the duty of this commission to examine the evidence and decide whether a number of RCMP members should be prosecuted.

Mr. La Salle: How about a number of ministers!

Mr. Pinard: Mr. Speaker, the hon. member for Joliette (Mr. La Salle) is again voicing his customary innuendoes. He will have the opportunity to speak again tonight—I assume and hope so—and to cast aspersions upon the RCMP just as his colleagues have been doing for the past fifteen days and a half. Tonight, I want to say this: What the opposition should have done today, what opposition parties should have done today is not to move a non-confidence motion against a governement which has assumed its responsibilities and respects its police force as well as the Canadian public; what the opposition should have done is move a motion of full confidence in, support and admiration for the man who, in all this, has been receiving the full support and esteem of all his colleagues on this side of the House as well as the larger majority of the Canadian public, I mean the most esteemed Solicitor General of Canada (Mr. Fox).

Some hon. Members: Hear, hear!

● (2022)

[*English*]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in taking part in the debate tonight I would say that of any debate I have been engaged in in this House, this is the most important debate to parliament and the Canadian people.

In my few words of introduction I would like to return to the motion which reads:

> That this House has no confidence in the competence or desire of this government to follow the principle of ministerial responsibility, particularly as it applies to the direction of and methods used by the government security forces, and deeply regrets its unwillingness to allow a committee of this House to study the role of Ministers in security operations.

These two points are what this debate concerns. We say that the country and parliament has lost confidence in this government because of its failure to discharge ministerial responsibility, and secondly, its failure to allow parliament, by committee, to examine what has been going on in reference to the security of this nation.

It seems to be the parliamentary secretary has exaggerated in the sense that he said, "We have been engaged for two and a half weeks in this matter." During the question period we have been asking questions and receiving no answers.

The point I want to make at the beginning is this: I believe the parliamentary secretary should appreciate that the Prime Minister (Mr. Trudeau) is the chief minister in Canada, and it is his responsibility to look after security matters. That responsibility cannot be passed on to any planning security branch, nor can that responsibility be passed on to any police force. That responsibility is on the shoulders of the Prime Minister and on the shoulders of the Solicitor General (Mr. Fox) and of the Attorney General (Mr. Basford).

I want to turn to two charges that were made by the Minister of Justice. The Minister of Justice, speaking in Vancouver, as reported by the Canadian Press and repeated again this afternoon in the House, attacked opposition demands for greater ministerial accountability for the activities of the force. "Day to day political control of the police by

the Attorney General is contrary to the Canadian practice and leads directly to a police state. We are not going to have political manipulation of the police force, and we are not going to be pushed into this sort of a thing, by the opposition, by anyone."

The minister's same statement is reported in the *Citizen* and I do not need to repeat it again.

The charges we are faced with tonight are these: First of all, it is alleged we have suggested that the government, either the Prime Minister, the Solicitor General, the Attorney General or any minister concerned with security must monitor the different duties and responsibilities of the police force day to day. Nowhere in the pages of *Hansard*, nowhere in the media or in the press generally has there been any foundation for such a charge.

I ask the Minister of Justice to stand up and show us anywhere in *Hansard* or the parliamentary debates that we have suggested to them monitoring the police work from day to day. In fact what we have said, and as my leader so ably pointed out this afternoon, is that the responsibility for security is under the jurisdiction of the Prime Minister and the two ministers I have mentioned. What we are saying is this, that surely there would be no accountability at all if we are to believe the ministers, which I do not accept. They have never had any accountability. It is not a day-to-day job. They have not done it from week to week or month to month or year to year for eight years. There has been an absence of any accountability, or any responsibility.

An hon. Member: Right on!

Mr. Woolliams: It is not ministerial responsibility we should be talking about tonight, it is ministerial irresponsibility and culpability as far as this matter is concerned. It is a serious matter, because the unity of this country is at stake tonight on security matters, when you realize it is being governed by a group of men and women who have done nothing to make sure the security service of this nation was accountable to the government, and that they take or discharge their responsibilities in that regard.

An hon. Member: Take it seriously.

Mr. Woolliams: So I say, nowhere has the Progressive Conservative party taken a position that the government must necessarily monitor the activities of the RCMP and it is nowhere in the evidence.

Now I turn to the second charge, for which I need to make no apology. It is this red herring. I would say it is a plot by the Prime Minister and those responsible for security in this country to say, "How can we get this onus and responsibility off our shoulders? Because the opposition are interrogating us, and we are covering up and we are not going to give the answers, we will come out with a red herring," and that red herring is the plot set up by the government to say that the Progressive Conservative Party of Canada is standing and criticizing, and is opposed to one of the great police forces of this world, namely, the RCMP.

Mr. Harquail: That is what you did for two weeks.

Mr. Woolliams: I do not intend to answer my friend and will not name his constituency. I do not want to embarrass him back home. He is embarrassed enough by the policies of this government.

Mr. Harquail: You will not embarrass me. Go ahead.

Mr. Woolliams: I repeat, nowhere can you find that we have offered any criticism of police officers. We say that responsibility should have been that of the Prime Minister and the other ministers. So that when the Minister of Justice makes the charge that we suggested they should monitor the police work from day to day, that is utter nonsense. That is untruthful. When he made that charge in Vancouver, he said he had 400 or 500 clapping Liberals from British Columbia stand up. I can understand why he got a pumpkin pie in the face. It is too bad those seeds were not as hard as rocks.

• (2032)

Mrs. Campagnolo: Shocking!

Mr. Woolliams: I hear the lady minister talking. Does she want to make a speech? The Minister of Justice, because of the position he holds, because of the traditions of this parliament and our due process of law and democracy in this country, has always been accepted as a man like Lapointe, Fulton, and others who stood above politics because their job was to administer the law of Canada and to make sure that law and order were applied to everyone equally. They made sure we were governed by the rule of law, not the rule of people.

I say without hesitation these accusations made by the Minister of Justice are absolutely without parallel in the history of the Canadian parliament. It was scurrilous and unprincipled and, coming from the Minister of Justice, a supposedly non-political figure, it makes it much worse.

Such an attack might be expected from the former solicitor general, the present Minister of Consumer and Corporate Affairs (Mr. Allmand). As the head of the justice caucus of my party, I say it is unworthy of the Attorney General of Canada to make such a political attack based on facts that are not correct.

Some hon. Members: Hear, hear!

Mr. Woolliams: Let us analyse his attack as far as the police are concerned. Like the right hon. member for Prince Albert (Mr. Diefenbaker), many, many times I have stood in my place to defend citizens in this country in cases in which police officers of that great force, the RCMP, have given evidence. It has been our job to cross-examine them in cases of murder and other serious crimes. Over the years I have found them to be very honest and sincere. Probably only 1 or 2 per cent are involved in security.

The change in security came about when this government set up the planning security branch composed of civilians, which interferes with the good work and traditions of the RCMP, which we on this side of the House supported. Like the right hon. member for Prince Albert and our former leader, the hon. member for Halifax (Mr. Stanfield), I have supported them over the years.

Mr. Harquail: Apologize to the RCMP.

Mr. Woolliams: My friend should apologize to the Canadian people. The parliamentary secretary should restrain himself. I rose on a point of order this afternoon. I did not yell from my seat. I try to keep my brains in a little higher area of my anatomy.

The Minister of Justice attacked the official opposition over the weekend on the basis of what he would like our position to be. He would like to pretend that we on this side do not believe in a strong and effective police force who want to achieve their aims by legal means, not by terrorism, kidnapping and assassination. He would like to pretend that the Conservative party is not proud of the job done by the RCMP at the Olympics and that the RCMP will not get our support and respect.

He would love to be able to show the opposition as unrealistic, naïve, and unwittingly supportive of subversive elements in the country. In fact he wants this to be our position so badly that he assures his gullible Liberal friends that it is our position, and then he attacks it mercilessly. This is known as knocking down a straw man.

However, he made a slip in his presentation. He said it is fundamental to the rule of the law and the protection of civil liberties that they, the police, operate under the law. Presto—the minister repeated the essence of the opposition case. Obedience to the law by the security forces is not just nice or sometimes convenient, but fundamental. Is the minister about to cross the floor? Is he going to take the opposite position that he is against the police? That is what he is suggesting, and he is accusing us of being against the RCMP. I say to him that all the evidence is the opposite. The responsibility is on the government. This is merely a plot to take the responsibility and the heat off their own shoulders because of their irresponsibility and culpability in this matter.

Mr. Harquail: So says the opposition.

Mr. Woolliams: The government would also have everyone believe that we are advocating political interference with the course of sensitive investigations, and that we are in favour of giving politicians access, willy-nilly, to whatever is turned up. An ingenious perversion of the truth!

The minister said we are not going to have political manipulation of the police force. Nobody ever suggested that. Not even the Liberals suggested that. We only want some accountability. The minister said they are not going to be pushed into that sort of thing by the opposition, or by anyone. The brave Minister of Justice! Will there be a single straw man left standing when his courageous purge of heresies is completed?

[Mr. Woolliams.]

He knows full well that the question at issue is the responsibility of ministers for defining in general terms the ends and means of their departments, to set the tone. No one has suggested that a Solicitor General should interfere in day-to-day police work, or demand access to security and criminal files as the whim takes him. Can the minister not tell the difference between ministerial responsibility and ministerial interference?

However, we must show some sympathy for the dilemma the minister faced. He could not have gathered a standing ovation from his audience by telling the truth. The one thing he did accomplish is to get a pie in the face.

Mrs. Campagnolo: Do you think he is lying?

Mr. Harquail: Are you calling him a liar?

Mr. Fraser: Yes, he is. Nowhere did we ever say what he alleged was said.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Calgary North (Mr. Woolliams) has the floor for the purpose of making a speech, and I suggest we all listen.

Mr. Woolliams: Perhaps when I am asked about whether he is lying, I can sum it up in the words of Francis Bacon, "Nothing does more hurt in a state than that a cunning man pass for wise." That may be the answer to the question.

Mr. Harquail: That is not Bacon; it is yourself, ham and eggs.

Mr. Woolliams: According to Dicey, all ministers, whether they be in or outside the cabinet, are responsible for their personal acts, the general conduct of their departments, and acts done in their name by the departmental officials. If a minister is personally blameworthy, he ought to make a public admission of his responsibility. That is all we are asking.

Dicey said, unless the Prime Minister is unwilling to stand by the minister under attack, a minister may choose, and has not infrequently chosen in recent years, to brazen out appalling indiscretions. That is what this government has done on this issue. It has brazened out appalling indiscretions of its own responsibility which it has shelved and put on the shoulders of the RCMP.

Only a short time ago this government was removing words from RCMP cars across this nation. They took off words from various police stations in this country. We stood and defended the RCMP. They were against them. Now they want to move it across to the other side of the House.

Some hon. Members: Hear, hear!

Mr. Harquail: Diefenbaker wants to apologize; why don't you join him?

Mr. Woolliams: Dicey said, and I quote:

> The point, however, which should never be forgotten is this: it is now well established law that the Crown can act only through ministers and according to certain prescribed forms which absolutely require the co-operation of some

minister, such as a Secretary of State or the Lord Chancellor, who thereby becomes not only morally but equally responsible for the legality of the act in which he takes part.

When we asked these questions, why did the minister not say it was his responsibility and that he would look into it?

If there has been an indiscretion in the planning security group, which is a civilian group, it really changed the whole image of the RCMP. It got them into the situation today where they are not able to defend themselves and where they are being blackmailed by this government right across this land.

Some hon. Members: Hear, hear!

Mr. Harquail: That is the kind of language they like. Your friends are happy now.

Mr. Woolliams: My friends are always happy, but I understand why you are not. Paranoid people are never happy. Dicey continued:

Hence, indirectly but surely, the action of every servant of the Crown, is therefore in effect of the Crown itself, is brought under the supremacy of the law of the land.

● (2042)

Mr. Harquail: They'll get you!

Mr. Woolliams: Mr. Speaker, this hon. member wants to speak at the same time as I do. If he wants the floor I will sit down and let him get it off his chest. He is the man who is destroying the image of this parliament across the nation because of the shouting and yelling.

Mr. Harquail: I am delighted to have been invited by the hon. member to say a few words. It is one of the few courtesies we have been shown by the opposition in recent weeks. I feel that my privileges have been trampled on in the House in the last few weeks because of the attitude taken and the language used in this chamber, and I want to say—

An hon. Member: Who's crying now?

Mr. Harquail: Do you understand me?

Mr. Gillies: We all understand you are the stupidest man in the House of Commons.

The Acting Speaker (Mr. Turner): Order. I should like to point out to the parliamentary secretary that he ought to raise a question of privilege when it affects him, not now.

Mr. Woolliams: I am sorry to see the hon. member for Restigouche (Mr. Harquail) in this light, because his constituents must know, now, because I have smoked him out, who has been making all the noise in parliament which has been seen over TV across the nation.

Some hon. Members: Hear, hear!

An hon. Member: Bye-bye!

Mr. Harquail: Go ahead, you have the floor, now.

The Acting Speaker (Mr. Turner): Order. The hon. member for Calgary North (Mr. Woolliams).

Mr. Woolliams: Hence, indirectly but surely, the action of every servant of the Crown and thereby, in effect, the Crown itself, is brought under the supremacy of the law of the land.

The acts of ministers no less than the acts of subordinate officials are made subject to the risk of law. In other words, every public servant in whatever department comes directly under the responsibility of a minister. That is the issue of the debate today and that is the reason we moved our motion. We did so because we have found that hon. members sitting on the treasury benches opposite are not prepared, as a democratic government, to accept their constitutional responsibility to be accountable to parliament.

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted time has expired.

Mr. Young: On a point of order, Mr. Speaker, I did not wish to interrupt the learned justice critic for the official opposition while he was in full flight, but there are two points he made which I should like him to clarify.

An hon. Member: His time is up!

The Acting Speaker (Mr. Turner): Order. I am prepared to listen to the point of order raised by the parliamentary secretary.

Mr. Young: Mr. Speaker, at one point in his speech the hon. member for Calgary North said it was a pity that someone threw only a pie at the learned Minister of Justice (Mr. Basford) over the week end. I do not know whether I heard him correctly, but I believe he said it was too bad it was not rocks that were thrown. I am sure he would wish to withdraw that remark.

The Acting Speaker (Mr. Turner): I am sorry. That is not a point of order.

Mr. Woolliams: On a question of privilege, Mr. Speaker, nowhere in my speech did I say they should throw rocks. I said that when they threw pumpkin pie I hoped the seeds of the pumpkin would be as hard as rocks so that the minister would realize that when he made this, in my view, untruthful attack on the opposition, he was being opposed by public opinion across the land even though they did take a pie to do it.

The Acting Speaker (Mr. Turner): I suggest to the hon. member that that is not a question of privilege but a matter of dispute.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, Canadians have been understandably distressed to learn that police forces entered premises in Montreal without a warrant and removed records in October, 1972, and that police burnt down a barn in Quebec in the same year to prevent a meeting between members of the FLQ and the Black Panthers.

Canada's police have enjoyed an excellent reputation for maintaining peace and good order, and they have earned the confidence of Canadians. Recent publicity raised the possibility that this confidence may have been misplaced and that the judgment of our police forces, especially in the complex area of national security, may not always be dependable. The opposition response to that concern would be to require tight political control, including an accounting by officers of the RCMP of their methods of information gathering.

Obviously the law applies to everyone, including the police. Indeed, one might say that police in a civilized society have a particular obligation to uphold the rule of law. I think it is fair to say that most Canadian police personnel pride themselves on operating in a disciplined way within the limits society considers acceptable. However, we have before us some evidence of what, at best, may be regarded as over-zealousness and, at worst, can be described in harsher terms.

If one accepts that the government does need to tighten effective control over the RCMP, one is left with the question of how this is to be done without the government then being open to accusations of political interference. There are some very broad questions involving the rule of law and the proper limits of national security activity which need to be addressed.

While media attention has focused on the RCMP in its over-all mandate, it is clear that the motion before us deals with the security functions of the RCMP and this, indeed, is where matters have changed so much in recent years. The RCMP, in its capacity as the federal police force, has long had prime responsibility for security investigations and operations. Section 18 of the act which came into force in 1969 gave the RCMP broad responsibilities for crime prevention and for intelligence and security services. Common law tradition also gives a peace officer broad discretion to do whatever is necessary to maintain public peace and order.

Until recent times, the question of exercising any of these broad powers would not have arisen because the provocation was not there. In 1963 Canadians encountered for the first time terrorist activities involving bombings and personal injuries resulting in death. In 1970 came the events in Quebec which resulted in the proclamation of the War Measures Act.

In Quebec at that time, police cast a very wide net. Some 5,000 raids were conducted which netted 465 suspects, of whom only 62 were charged with any crime and only 30 were convicted. The criticism was made that because of weak police intelligence-gathering earlier, this wide net was cast after the event and innocent people were subjected to grave inconvenience and interference with their lives. It was also said then that, in at least some cases, addresses of known and previously-arrested radicals were not available at police headquarters. Hence, thousands of searches absorbed the regular police forces to the point where they could not perform other essential functions and where they had to ask that troops be brought in to perform them.

[Miss Nicholson.]

• (2052)

The presence of troops in Quebec streets was distressing to all Canadians, and particularly to Québécois. Many people said then, if in peaceful times the police knew more about the potentially violent, when those people did strike, that the police would be prepared and would be able to take efficient and economical measures to deal with them, without infringing so broadly on the rest of society. As John Gellner put it in his "Bayonets in the Streets", "there would not be as much hitting of air as there so often is when a liberal democracy moves reluctantly and uncertainly to defend itself against assault from within." At that time public opinion demanded and required that the police improve their intelligence gathering about potential urban guerillas.

However, Canadians were concerned also that security and intelligence gathering forces be able to differentiate clearly between peaceful dissent and potential for violent acts, between noisy students with a fondness for rhetoric as an end in itself and those who were likely move from loud words to violent deeds.

Canadians have traditionally had high requirements for our security forces. We expect they will protect us and enable us to live in peace and security under the law. The average law-abiding citizen considers that since he or she fulfils obligations in society, he or she is entitled to demand that the state fulfil its obligations by maintaining its ability to ensure security and to take adequate preventive measures. On the other hand, we have a proud tradition of respecting civil liberties and wanting to have the rights of the majority protected in ways that are civilized, reasonable, and fair to dissenters.

That sense of fairness has been less evident of recent weeks. We have heard calls for charges to be laid against RCMP officers who are thought to have acted extra-legally. Many of these requests were made without evidence of a case that would be sustainable in court. The question also arises as to whether an officer in these situations may, in fact, be able to defend himself adequately in public court, or whether, in the interest of national security, he would have to remain silent about matters which might assist his defence.

Questions of intent have to be considered. Is the police officer who enters premises without a warrant in search of information, which he believes vital to safety and security, to be charged under precisely the same "break and enter" provisions as the criminal who breaks in to steal for personal gain; or should the security officer be required to be accountable for his actions in some other fashion?

Are we limiting the protective and preventive functions of our security officers by requiring that they always have warrants? Conversely, is it a myth that security information needs to be gathered secretly, and should we challenge this myth and insist that warrants be obtained in all cases?

These are matters on which we have heard a lot from the media in recent weeks; but we need to hear from ordinary thoughtful Canadians whose interest in having a sane, secure,

and civilized society is of a different order from the media interest in sensationalism.

We have encountered new threats to safety in recent years, such as the activities of the Japanese Red Army, one of whom was found in Toronto last year and was got out of the country without incident, thanks to the RCMP intelligence. Also there have been the activities of the Baader-Meinhof gang in Germany, and terrorist groups in the Middle East. We have seen a massacre in Germany at the time of their Olympic Games, and we have seen our Olympic Games in Montreal conducted in peace because of our security forces.

Recently we had to send diplomats back to their own countries because of unacceptable activities in Canada. That information came from the RCMP security forces. On each occasion when a consular or an embassy official is required to leave Canada, the media asked for reasons and full disclosure. I do not detect much general support for that position. The average citizen does not consider that security intelligence needs to be printed in every newspaper, as long as the threat to our internal safety has been removed, and most important, as long as people have the confidence that our security officers have acted reasonably and responsibly.

Canadians want information when it is useful and practical. They want to know in general that our police and security forces act in a way which is consonant with our moral values. That may mean, in order to restore confidence at this time, it may be desirable to have a broader publication of such things as cabinet directives. On October 28 the Solicitor General (Mr. Fox), when speaking in this House, summarized the cabinet directive of March 27, 1975, which defined the mandate of the security service of the RCMP, and that of May 27, 1976, which dealt with security screening of public servants.

Public perception of security requirements changes in response to changing times. The broad general powers of the 1959 act are clearly not specific enough to be acceptable in our times.

The Royal Commission on Security statement in 1969 that "A security service is unavoidably involved in activities which run counter to the spirit, if not the letter of the law, and in illegal or other activities which seem to infringe upon individual rights", stated a position which had support in 1969 but which concerns many people today. Granted that security work involves undercover work and the use of informants, but one must ask if that should include illegal or extra-legal activities.

In 1974 the Protection of Privacy Act included a new definition of "subversive activities". The cabinet directive of 1975-1976 further attempted to bring more precision to a field where security officers were operating to a large extent on the basis of personal judgment.

The Royal Commission of Inquiry under Mr. Justice McDonald has broad powers to inquire into the national security service. I look forward to seeing their recommendations, which will assist us in defining precisely the parameters of effective and acceptable security procedures.

• (2102)

Particularly I hope that the RCMP, who up to this point have been excluded from participation in media coverage, will have an input to the commission proceedings. If experienced people who have a well developed evaluative bent have recommendations to make, those recommendations would surely be a very important ingredient, an ingredient which has been missing from the current debate and which is an essential part of the dialogue if procedures are to be brought about which are sensible and effective and are to be seen as such by all Canadians.

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, the issue in this court is clearly ministerial responsibility, and let no one doubt that we are in a court. However, in this court it is not the RCMP which is on trial. I believe the government realizes that, despite the red herrings, the gymnastics, the gyrations, the figure skating and the repetition time and again from government benches, "RCMP, RCMP, RCMP". We heard that 24 times yesterday. Despite that it is the government and its ministers who are on trial, as they are on trial every day in our system of government. So let us forget the red herrings, the figure skating, and the gymnastics.

What is ministerial responsibility? There are many textbooks. I had five, I think, sent over from the parliamentary library tonight. There are many scholastic papers and academic dissertations. There is no shortage of material describing ministerial responsibility, but one definition which is a common sense definition is simply that ministerial responsibility is synonomous with ministerial competence. An irresponsible minister is an incompetent minister. That is the issue. A minister who is incompetent and so judged in this court, the House of Commons, ought to be returned to the back benches or sent back to private life. It is as simple as that.

The second aspect of ministerial responsibility is, responsible to what and for what? The "responsible to" is easy. A minister is responsible in a collective sense to the cabinet but ultimately to the House of Commons. Responsible for what? In my view, there are three categories of responsibility. First, the administrative lapses or errors for which an official is to blame and which could not possibly have been within the range of knowledge of the minister: in this case the minister owes an assurance that corrections have been made to prevent a recurrence.

Second, policy errors leading to departmental problems for which the entire cabinet takes responsibility: this having happened they are perfectly entitled to say, "If you don't like it, you can defeat us at the next election". That is a second form of responsibility.

There is a third one which the government, for some reason, fails to acknowledge. It has tried to throw all the illegal and unusual activity into one or other of those first categories. The third one is administrative lapses or errors in operational policy which should have been within the range of knowledge of a reasonably intelligent and energetic minister who, in accepting office, accepted the responsibility of supervising the operating procedures of his department to ensure they were

consistent with community standards of efficiency, justice, and decency. That is ministerial competence.

I am very reluctant to refer to that definition because it contains the word "operational", and I say this as an aside. Today as he stood in his place the Solicitor General (Mr. Fox) went on at great length using that word and discussing the difficulty with his department interfering with the day-to-day operations of any security force. I agree, but he went on at such great length that I am now very concerned. We put questions earlier this week and last week with respect to whether the police security planning and analysis branch within his department was operational, and I am very nervous about the answers we now have because, according to the minister's definition, operational goes far beyond what I would have thought would have been the meaning of that word in the ordinary sense, and I believe we should ask those questions again. However, this third function is the test of a responsible minister in the sense of ministerial competence, and this House—not a royal commission, not an administrative tribunal, and not our law courts—will judge that competence.

Some hon. Members: Hear, hear!

Mr. Jarvis: If we are to judge the responsibility and the competence of a government or the ministers within that government we must do so, as the Prime Minister (Mr. Trudeau) said, in the context of the times, but I would put that context much more honestly than the right hon. gentleman did. He was talking about 1972 and 1973, and the real context, as has been pointed out in this House, at that time was not murders and kidnapping. It was a minority Liberal government here in Ottawa and a Liberal government in Quebec getting ready for an election. It was a spill-over from Watergate. However, let us put this in the proper context of the times.

Let us go back to June of 1969 when the Prime Minister tabled the edited version of the Mackenzie royal commission report and rejected the recommendation of that commission, rightly or wrongly, for a security service separate from the RCMP. As reported at page 10637 of *Hansard*, the Prime Minister said:

> The security service, under the Commissioner of the RCMP, will be increasingly separate in structure and civilian in nature.

The Prime Minister said the security service would be under the Commissioner of the RCMP, but subsequent events give very serious doubts indeed as to whether it was under direct supervision of the Commissioner of the RCMP. However, leaving that aside, the important aspects in that statement by the Prime Minister in tabling the report were that the security service would be separate in structure and civilian in nature. What should that mean to a competent, responsible minister? It should mean a possible lack of policy direction from the minister and that this group would have none of the discipline or tradition of the RCMP. Therefore the minister responsible for that group should be doubly diligent.

On that very same day the then leader of the opposition, the hon. member for Halifax (Mr. Stanfield), who I am sure takes no satisfaction whatsoever in his prophecy, had this to say, and I quote from page 10639 of *Hansard*:

> I am sure that members of parliament accept the necessity that much of the security operation is conducted outside our purview. What would be cause for grave concern would be any thought that much of the operation is beyond the ken of the ministry or the Prime Minister; that there are not ministers, elective and responsible members of government, to whom the entire security operation is an open book, who have continuing access to everything that is going on in that area, and who give proper, responsible, political, civilian direction to the operation on a continuing basis. None of us would want to see a security operation in this country running under its own steam and answerable only to itself—a government, so to speak, within the government. The very decision as to what affects security and what does not, what must be secret and what public, is finally a matter of political decision and judgment. The effective supremacy of the civilian authority must never be compromised in this matter.

● (2112)

This was the clearest possible warning to be vigilant, to be competent, to be responsible. All of this in June 1969, yet two years and three months later the then solicitor general, now the Minister of Supply and Services (Mr. Goyer), in a statement on motions described the operations of a group in his department called the Security Planning and Research Group. Any pretense of research soon disappeared. This is now known as the Police and Security Planning and Analysis Branch, under Colonel Bourne.

In giving that statement the then solicitor general clearly adopted the principles enunciated by the hon. member for Halifax, then Leader of Her Majesty's Loyal Opposition. He clearly adopted those principles, clearly acknowledged the need for vigilance, competence and responsibility in this area of security. Along the way there was created a security secretariat in the Privy Council, and also some group or other in the Prime Minister's office. There was as well a cabinet committee on security chaired by the Prime Minister.

All of these—the security and intelligence group, the Solicitor General's group, the Privy Council secretariat, and the Prime Minister's group, were not composed of lowly civil servants but rather, highly placed men and women with direct access to ministers and the Prime Minister. Despite all of this, or perhaps because of the web the government created for itself, there has been no vigilance, no competence, and no responsibility.

The government must stand convicted in this court of one of two crimes. First, if the cabinet or some of its members knew of the illegalities and irregularities, they are guilty; if they did not know, they are equally guilty. We have to give the ministers and the government the benefit of the doubt, which is very hard in light of the revelations. Even giving them the benefit of the doubt we must ask ourselves whether they were careful to remain ignorant. For example, the Solicitor General said in so many words, "I cannot go through six years of files." Mr. Speaker, his time would have been better spent going through six years of files than engaging in the figure skating we have seen during the question period. I might excuse him if I knew he had been going through those files.

The Prime Minister says that to ask repeated questions would invite the accusation of having undue political influence on law enforcement agencies. What nonsense that is, Mr.

Speaker, saying that to ask questions would invite accusations of having undue political influence. That is sheer garbage, a complete desertion of ministerial responsibility. Certainly they have to ask questions. I presume that every week in his briefing sessions the Solicitor General is asking questions. If he is not, he should be asked why. And what about his predecessors, why were they not asking questions?

All the red herrings and all the figure skating we have seen over the last two weeks are consistent with only one thing—they are consistent with a government and its ministers who have rejected their responsibilities. They are consistent with nothing else.

Some hon. Members: Hear, hear!

Mr. Jarvis: Some of the responsibilities are difficult, Mr. Speaker. It is trite to say what a difference there is between political dissent and subversion. That is a difficult problem and no one on this side, or in any party in this House, is denying that. But surely that difficulty is no excuse or reason for a minister or ministers to be careful to remain ignorant of facts. It cannot be thus in our system in terms of ministerial competence or ministerial responsibility.

The Solicitor General unhappily insists on the easy way out—change the law, not break it. That is a trite answer. He asks Canadians not to be too harsh in judging some of the people involved. People are not harsh in judging the people involved, Mr. Speaker—the people are harsh in judging, as is their right through their elected representatives, the competence and responsibility of ministers.

The minister stood in his place today and said that he wanted people not to be too harsh in judging people. That is garbage. It is our job to judge them. That is the reason for the existence of this House—to judge them.

The Solicitor General said that people are demanding that heads roll. He also objects to the term "government security forces." Good heavens, if we cannot use that term without the Solicitor General objecting, what term shall we use? The Solicitor General says we create the impression that it is a state police. Nonsense!

Finally, the Solicitor General says that everything goes to the royal commission. When he runs out of answers everything is a matter for the royal commission. The McDonald commission has been overtaken by events in the context of times through no fault of its own—an avalanche of events, as one editorial put it.

That commission was established on the basis of one alleged illegal event—the hon. parliamentary secretary shakes his head—with assurances in this House that there would not by any more. The hon. member would do well to check the record and I hope he will rise to correct me at the end of my remarks if I am wrong. I would welcome his interjection.

We were not talking about revelation after revelation, daily, every time we turned on the television or read a newspaper. I have no satisfaction, no member of this party and I am sure not even the parliamentary secretary know any satisfaction in that at all. My point is that taken in the context of its time, the time of the appointment of the McDonald Commission, events have overtaken it and left it far behind. I am not saying the commission should be disbanded. Not at all. Let it continue, but let us be clear: the sequence of events that have overtaken the McDonald commission now involve the rule of law, the limits on national security activity, the political supervision of the police function, and the quality of ministerial judgment. The McDonald commission is not and cannot be charged with the political half of this problem. There is no indication that the terms of reference are broad enough. Forgetting that, what inclination would the commission have to assume that responsibility? None at all, Mr. Speaker. Events have overtaken that commission.

For the sake of the integrity of the RCMP, if for no other reason, do not wait for the ponderous deliberations of the royal commission. The commission is not charged with the responsibility of restoring public confidence. What exists today, November 15, in Canada is an attack on the integrity not only of the administration of law enforcement agencies, which is serious enough, but on the political system itself.

It is this House of Commons and no other forum that should and must meet the attack. Therefore, Mr. Speaker, I urge the government to reconsider its rejection of an all-party committee of this House of Commons because it is our view, and surely must be the view of Canadians everywhere, that it is only this House and its members through this committee that can take the first step to meet that attack.

Some hon. Members: Hear, hear!

Mr. Andrew Brewin (Greenwood): Mr. Speaker, what I have found thoroughly depressing about the last week or two is not the activities of the RCMP although I must say I think in some cases the police have deserved criticism, but it has been the complete insensitivity of the Government of Canada to its responsibilities and to the whole basic human right which depends upon the maintenance of law and order.

● (2122)

We have seen contempt for the principle of law and order on the part of representatives of the government, and I propose to try to document that statement to some extent. This is what I think has been the most distressing feature of this whole situation, and it is so unnecessary. If you want my opinion, Mr. Speaker, I think it is plain stupid.

I think that the Minister of National Health and Welfare (Miss Bégin) in her little discussions at Carleton University spoke more sense than all the ministers of the government who have spoken on this matter when she said there was no emergency, that the proper thing to do—and I underline this—was for government representatives to say, "Something has happened which is serious, which is wrong, and we intend to investigate. We intend where necessary to prosecute. We intend to appoint a commission to see whether there are further ramifications".

Instead of doing that, Mr. Speaker, the government erected a wall of indifference in this House. I think "concealment" is not too strong a word. I say that is totally unnecessary. If the government had come forward in a straightforward manner and said, "Some things have gone wrong which we did not know about but now we are prepared to act", then I think this House and the public of Canada would have gladly accepted that. But that is not the way the government chose to act. Among all of the principal ministers concerned there has been evasion. There has been failure to face the facts which were clearly put before them.

I want particularly to refer to something which was reported just today which the Solicitor General (Mr. Fox), who, I remind the House, is one of the law officers of the Crown, said. He is reported as saying that the RCMP felt nothing was unusual or wrong in operations, and that is why they did not report anything. That is why they kept the matter concealed from the minister himself. Surely no more gratuitous insult has ever been paid to the RCMP.

Does the Solicitor General really believe that the RCMP are so lacking in moral understanding that they do not understand the meaning of theft, or breaking or entering, or arson, taping other people's telephone conversations, or tampering with their mail? Does he really think the RCMP do not know that is wrong? If he does think that, Mr. Speaker, then he is totally and utterly perverse. To imagine that the RCMP do not know better than that is, as I say, a gratuitous insult. That some of them erred is obvious. Their errors are serious and should be dealt with seriously; I am not arguing that. But to suggest that you can excuse them, as the Solicitor General tries to do by saying that they really did not know that they were breaking in, or that they were diverting the mail and that they did not know that it was wrong for them to do this, is ridiculous. Of course they knew it was wrong. Any child would know that breaking and entering or arson is wrong. Any child with half a brain would know that burning down barns is wrong.

I have been quoting the Solicitor General from an interview which he gave to the *Globe and Mail*, reported in its issue for November 15. The Solicitor General is a lawyer learned in the law—at least I presume he is—and in addition is one of the chief law officers of the Crown in this country. I say we have come to a pretty pass when a law officer comes up with a statement like that.

I should like to quote another statement made by the Solicitor General which appeared in the *Ottawa Today* newspaper for November 10. The headline reads: "Mounties Lied But Fox Defends Them Anyway". Frankly, Mr. Speaker, I ask what sort of Solicitor General do we have? If his employees are lying to him, why does he not take some action? Why does he defend them when they have lied to him? How can he expect any discipline or respect when he gets up in public and says that although the RCMP lied he is going to defend them in any event? I will not go into the text of the quotation but it can be found in *Ottawa Today* for Thursday, November 10.

The minister has constantly played down the seriousness of this matter. He has constantly taken a defensive view of some matters which are clearly in no way defensible, least of all defensible by an employer who is responsible for maintaining law and order in Canada.

I now want to turn to the next scene in the act, and this concerns an even more distinguished individual. I refer to the Prime Minister of Canada (Mr. Trudeau). The Prime Minister has constantly played down this matter. According to another headline, the Prime Minister "was not prepared to condemn those in raid." He then went on to use one of the most crazy analogies I have ever heard. He said the situation was as if someone had an atom bomb and was about to blow up a city, so that you had to take immediate action. What nonsense, Mr. Speaker! Did anybody in this whole story have any atom bombs ready to blow up anything at all? That analogy is utterly false. I cannot imagine what sort of reasoning would have allowed the Prime Minister to put those words into his mouth, yet that is what he said; I have the full text of his press conference.

The Prime Minister then went on to say something else which I found very remarkable. He said that the royal commission on security had said "Well, you know, you've got to stretch the law to its limits; sometimes it might even be stretched beyond its limits." Well, Mr. Speaker, I have looked through the report of the royal commission. I know personally two of the royal commissioners, one the late Mr. Coldwell who is not with us any more, and the other Mr. Max Mackenzie, and I cannot imagine either saying any such thing. Therefore I looked through the record to find out what they did say, and I can confirm they never said any such thing. This is not the Mackenzie doctrine or the security commission doctrine; that you stretch the law if you find it convenient to do so is the Trudeau doctrine. So much for the Prime Minister.

I do not want to forget, because he is my favourite bête noire, the Minister of Justice (Mr. Basford). I hesitate to trust myself to describe the stand which he took. He went to Vancouver and spoke to a cheering crowd of people.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Liberals.

Mr. Brewin: Liberals. He lashed out at the opposition parties for pillorying the RCMP with innuendo and allegations. I say this is an absolute falsehood. We have not pilloried the RCMP. We have not used innuendo. We have not used mere allegation. We have used almost entirely the admissions made by the government itself, and by the Solicitor General on behalf of the government. Yet he lashes us for trying to do our duty in this House.

I hope that nothing will ever persuade me to listen to a Minister of Justice telling me that I should not dare attack something which I know is clearly wrong merely because someone is going to be critical about me for doing that. I think that members of the opposition have a clear duty to say what we did say on this matter, and I think we have done so honestly.

● (2132)

I know the heat of debate sometimes overcomes us a little bit, but nevertheless, by and large, the opposition has fulfilled its responsibility, and it ill behooves the Minister of Justice, of all people, to get up in front of a partisan audience and say he is going to lash out because we dare to do our duty.

As far as I am concerned, the situation of the Minister of Justice is the most pitiable of all of these cases. I find the Solicitor General's explanations unsatisfactory. I find the Prime Minister, to put it mildly, casuistic, but I find the Minister of Justice absolutely intolerably hypocritical in the way he dealt with this situation.

Some hon. Members: Hear, hear!

Mr. Brewin: Mr. Speaker, I believe I have said enough to indicate my feelings on this matter. It is a highly serious matter. It is not a matter to be laughed at, or pushed aside, or shouted down. We earnestly desire to see the RCMP treated with the credit they deserve.

I want to say the failure of the government to handle this issue has been a great boon to those who believe in terrorism and subversion. If you adopt the general doctrine that you can do anything as a terrorist or as a subversive, what happens is that by not enforcing the law you have contempt for the law. This is precisely what the performance of this government has been in the last couple of weeks.

Some hon. Members: Hear, hear!

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I enter this debate on this particular motion with some trepidation. Being a layman and not trained in the law, I realize full well that I am not qualified to make all the nice interpretations and qualifications of the law that are made from time to time by others. However, I and everybody else here represent people, the majority of whom are in the same position as I am, and I hope to try to speak from the point of view of the layman.

In such capacity I recognize the necessity in today's society for a security force. In fact if we look into the history of security forces over the past three or four decades we will see that security forces have been absolutely essential to the survival of the whole democratic system. Indeed, had the security forces of Great Britain and, to a lesser extent, the security forces of the United States and Canada, not been very active during the late 1930's and early 1940's we would in all probability be under nazi domination today. Therefore no one can argue that it is unnecessary to have security forces.

It is absolutely essential in these days of violence, terror, and anarchy that we be able to know who are the terrorists, who are the violent, who are the anarchists, and that we be able to control them.

It is also essential that the police forces of this country have the tools at their disposal to be able to act at least as efficiently as organized crime, so that organized crime does not spread and become a cancer in the Canadian society. But what have we had during the last few weeks, Mr. Speaker? Despite their denials today and in the last few days, the opposition have been witchhunting, with broken brooms.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): They have professed today to have the utmost admiration for the RCMP. However, they did not have enough admiration for the RCMP to call in the RCMP detachment on the Hill to sweep their offices for the bugs they suspected. Instead of doing that they went out and hired some private "gum shoes". Even after they allegedly discovered them, they did not call in the RCMP. How is that for confidence in the RCMP?

An hon. Member: Or the Ottawa police.

Mr. Dionne (Northumberland-Miramichi): And even the Ottawa police, as my hon. colleague says.

An hon. Member: The Ontario Provincial Police.

Mr. Dionne (Northumberland-Miramichi): That is another possibility.

I would like to quote from today's issue of the *Daily Gleaner*. It reads:

York-Sunbury MP Robert Howie says the Royal Canadian Mounted Police 'is a great police force' which 'has done what the government told it to do'

Well, Mr. Speaker, how is that for talking out of both sides of your mouth? In one breath he says they are a great police force, and in the next breath he says they have been intimidated by a political party; by the government of this country. That is, of course, a total about-face in the same sentence. That comes from an MP who is a very close friend to the government of New Brunswick, which has been accused of interfering with the activities of the RCMP, and which at the moment has appointed a commission of inquiry with very limited terms of reference, that preclude the possibility of that commission of inquiry looking into the charges of political kick-backs in New Brunswick, rather than the broad terms of reference this government has put forth. Then they dare to say this government manipulates the RCMP.

To top it all off, as if that was not enough, at least we might say the NDP have been consistent in condemning the RCMP. The official opposition started off condemning the RCMP; they were out to get somebody, they did not really care whom. They would, of course, prefer to get ministers, but if they could not get ministers it would do to get the RCMP. They found out that that did not wash with the public, so today they brought in the right hon. apologist from Prince Albert to turn things around. He is good at that, but it did not work. The Leader of the Opposition (Mr. Clark) had dug himself into such a deep hole that there was no possibility of extricating himself.

The hon. member for York-Sunbury (Mr. Howie) goes on to say, as reported in the *Daily Gleaner*:

Howie says he doesn't condone any illegality and he isn't advocating suppression of "any legitimate allegations of wrongdoing against the RCMP or any federal agency."

That is nice.

The article goes on to read:

But it's the federal government's responsibility to defend the reputation of the force and bring in whatever "corrective measures" may be required, he says, and he blames the Trudeau government for giving the force "a very broad mandate in both domestic and national security matters without the necessary guidelines, supporting legal authority and economic resources to fulfil it".

It is a well known fact in this House that the opposition has had made available to it three briefings on national security, and members of the Standing Committee on Justice and Legal Affairs can, at their request, whenever they wish, have briefings with the chief overseers of security in the public service. I refer to Mr. Robin Bourne and Major General Dare. Such briefings were held on at least three dates that I know of, May 24, 1973; May 2, 1974; and May 7, 1975. To my knowledge, and from the research I have been able to do in the past few days, they have not taken advantage of any security briefings since that day. The Prime Minister (Mr. Trudeau) extended to the Leader of the Opposition the courtesy of being briefed on national security matters, a courtesy which has not been accepted. The Leader of the Opposition has seen fit to make at least two major speeches in this House in the past few weeks on the irresponsibility of the government and the RCMP on national security matters when he does not know what he is talking about.

● (2142)

We have heard repeatedly today there is no effort on the part of the opposition to condemn the RCMP. They say they support the RCMP. Let us look at the record. I refer to a speech made on October 31 by the hon. member for St. John's West (Mr. Crosbie). He said as reported at page 496 of *Hansard*:

—I say the RCMP have to be brought to heel.

That is not a condemnation by the RCMP in their terms! They will bring in another apologist to try to eradicate that statement.

The hon. member for Brant (Mr. Blackburn) said:

How do we address ourselves to the young people of this country when, on one hand, three law enforcement officers, presumably instructed by officials senior to them to break the law, are exonerated, when a 14 or 17 year old who breaks and enters a public or private residence is given two days, two weeks, two months, or whatever the sentence may be?

No one on this side of the House advocates breaking the law. There is a principle in the criminal law called the principle of hot pursuit. It permits police officers in active pursuit of criminals to continue their pursuit, even if it means breaking into a residence or building, or going outside of their limited jurisdiction.

In New Brunswick, for example, town police are now authorized in hot pursuit to go beyond the boundaries of the town in which they are the police officers in order to make an apprehension. Perhaps it is time that theory applied to the

security force of this nation. However, that is a matter for those more capable of interpreting the law than I.

Let us look at some of the other statements made by hon. members opposite. On October 31 the hon. member for Prince George-Peace River (Mr. Oberle) said:

The Solicitor General told us repeatedly that this particular group was not an operational group. We know better. As my hon. friend from the Yukon has clearly shown, this group is indeed an operational police force. It recruits and trains agents to provoke actions within unions and on university campuses, to infiltrate right wing and left wing societies, to encourage them to demonstrate on the streets, and to promote acts which are normally illegal.

Those are very serious charges. They were made by members of the opposition who have gone to pains today to claim that they support the RCMP. They challenged us today to indicate any instance when they condemned the RCMP. I say that is a condemnation.

He went on to say:

Now that we have an idea as to the kind of security forces which are operating in this country I ask the question: why is it necessary sometimes, as the Prime Minister says, for these agencies to break the law?

That is a legitimate question, one to which the government addressed itself. Later in his speech he said:

During the debate tonight, a number of my colleagues in the House stated they will have submissions to make to the royal commission, revealing some of the Machiavellian schemes.

They say our police force and our security force are Machiavellian.

They were not conceived by the opposition, but by the government and by some of the sick paranoid minds that operate within the security analysis group of the Solicitor General's office.

A lot of charges have been hurled about this place today. As I said before, the opposition has gone to great pains to try to paint themselves as lily white. However, their paintbrushes have had many of the bristles removed and they are leaving obvious streaks.

The Leader of the Opposition, in his contribution to this debate today, prejudged the results of the McDonald commission into the activities of the RCMP and the security service. He said the Prime Minister has already made a statement that the government would be guided by advice from the law officers of the Crown. I admit that the Prime Minister made that statement. It is an entirely legitimate statement. In fact if any minister of this government were to act in any legal matter without the advice of the law officers of the Crown, the opposition would raise outraged howls of indignation.

When the Prime Minister says that he is going to consult the law officers of the Crown, the Leader of the Opposition is upset. Apparently the Prime Minister, the Solicitor General (Mr. Fox), and the Minister of Justice (Mr. Basford) are to make legal judgments without the benefit of law officers of the Crown.

The sinister aspect he applied to it was that the Prime Minister was building a cover for the Solicitor General previous to appearing before the McDonald commission. A few days ago the opposition was very indignant because the Prime Minister suggested they may be involved in a few shady deals.

It is O.K. for them to make specious charges, but the minute a charge is made from this side of the House, there is a great uproar from members opposite. They become very indignant.

When I was parliamentary secretary to the minister of national defence, the opposition were after the heads of several officers in the department over the negotiations with the Lockheed Aircraft Company. They thought they smelled a scandal. Because there had been payoffs in other countries, they were sure they would be able to find such things in this country. They now say it was completely the fault of the Minister of Supply and Services (Mr. Goyer) who tried to place the blame on the public servants. However, it was members opposite who named public servants early in that debate in the House.

Later today we had the right hon. member for Prince Albert (Mr. Diefenbaker) make an astounding statement in this House, after we listened for about three weeks to continuous opposition charges that the RCMP was out of control, that it had no respect for the government, and that the government was not aware of what the RCMP was doing.

We had the astonishing statement today by the right hon. apologist from Prince Albert that the government is trying to smear the RCMP. He compounded that ludicrous statement by saying that the government was making contemptuous innuendoes against the RCMP, and referred to the musical chairs of the Solicitor General's department. What about the musical chairs game in the opposition, particularly in the leadership of that party? That charge is, of course, completely unfounded. And as I said earlier, it is obvious that the opposition brought in the right hon. member for Prince Albert today to try to turn the argument around, a facility he has in abundance, I must admit, but which failed today. So he became rather personal and attacked ministers who were absent from the House today on government business, another point the opposition likes continually to make, despite the fact that their attendance is no better than that of government members.

• (2152)

It was a shallow and hypocritical attempt to cover their tracks. It was they who smeared the RCMP. It was they who laid the original charges against the force. It might well have been that their aim all along was to try to get the minister, and if they destroyed the police force—

Mr. McKenzie: On a point of order, the hon. member has been giving us a number of direct quotations, something which I appreciate, but he is now making charges that we have smeared the reputation of the RCMP, and I should like to hear some direct quotations in justification of those charges.

The Acting Speaker (Mr. Ethier): Order, please. If points of order are raised, they should be valid points of order and not merely points of argument.

Mr. Dionne (Northumberland-Miramichi): At least I am not reading a speech made by one of my colleagues seven months ago.

Mr. Munro (Esquimalt-Saanich): When did he make it then?

Mr. Dionne (Northumberland-Miramichi): I read from *Hansard* the references to support what I said. Two weeks ago the opposition wanted the government to know everything the RCMP was doing. However, they tell us now this was never the suggestion. They only wanted the government to be in control.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but the time allotted to him has expired.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, this is a significant day on which to be debating such a serious issue as the one now before us. Since the election of the Parti Québécois one year ago today we have heard many speeches and statements about the concept of Canada, about what it is we want for this country, and those speeches and statements have all reflected the fundamental values which we hold in common as Canadians.

It is presumed by all who are concerned with keeping this country together that there are certain basic principles, including adherence to the rule of law and respect for individual freedom, which are shared by all of us, and which justify our people in believing in a united Canada. For many years I have listened to views about national unity, and have taken part in many discussions about the future of our country. Never in all that time did I doubt that the values and beliefs which made Canada what she is were shared by all Canadians. I took it for granted they were there as an underpinning of our society, a foundation upon which we could build the Canada of the future.

However, the evidence of the last two weeks, the revelations of illegal activities which went unquestioned by ministers of the Crown, the abrogation of ministerial responsibility, and the callous neglect of our civil liberties have made me pause and reflect about these basic shared values which I took so much for granted.

I now have to say that there is an even more fundamental question to be asked than how to hold this country together. The evidence of the past few weeks forces one to ask why we would wish to hold the country together. Why should we care about a united country if that united country is to be one in which the values we have cherished throughout our history are to be denied? Will it help us to have a geographical whole *a mari usque ad mare* if within that whole the freedoms and rights of individuals have been shattered? Is it enough to strive for unity without ensuring that democratic principles are guaranteed?

Fundamental to the democratic principles of this country is the belief in ministerial responsibility. Things are changing in this country. The *Globe and Mail* put it very well in a recent

editorial: "The Prime Minister and his colleagues either don't know or won't admit what cabinet responsibility means."

When revelations about illegal security operations first began to surface it appeared to this side of the House that the Prime Minister (Mr. Trudeau) and his colleagues simply were not admitting to their responsibility in these matters. That, Mr. Speaker, is bad enough. But after two weeks of questioning by the opposition, during which time the government has attempted to shift the blame on to the RCMP, it is becoming more and more obvious that the government does not know what cabinet responsibility means. Further, it is becoming obvious that it does not know what "illegal" means.

The events and revelations which have been disclosed over the last few weeks should make us all tremble with rage! What have we found? A prime minister who shrugs with indifference at the idea of the police breaking the law, or who glibly suggests that if the law gets in the way then it ought to be changed; a Solicitor General (Mr. Fox) who refuses to accept responsibility for what has gone on in his department and to whom the illegal acts appear, in his own words, mere "unfortunate events"; a Postmaster General (Mr. Blais) who is not even aware that mail is being opened by the RCMP, contrary to the provisions of the Post Office Act.

The news reports of the past few weeks are astounding to ordinary Canadians. Just as disturbing is the fact that the serious events about which we have heard have become almost routine happenings. Even worse than the allegations which are coming forth every day, is the reaction of the government when pressed by the opposition to account for them. Ministers evade questions and avoid giving answers. They try to cloud the issue by suggesting that opposition parties are undermining the integrity of the RCMP. They accuse the opposition of neglecting the greater problems of the economy and of national unity.

What the government is seeking to do by these diversionary tactics is to distract the attention of Canadians from the very real danger which threatens them, a danger which outranks in importance and gravity both the economic issues and the threat to national unity. It is a danger which derives from a government which has placed itself above the rule of law and which, in so doing, has created a real and imminent threat to the political processes which we have taken for granted throughout our history.

● (2202)

Of course it is to the government's advantage to manipulate the views of the public by downgrading the attempts of the opposition to get to the bottom of these serious allegations. However, the attitudes of the Prime Minister and of some of his colleagues notwithstanding, surely there must be some members on the other side of the House who still understand that even more fundamental than any economic or constitutional concern is the maintenance of parliamentary democracy in this country.

Some hon. Members: Hear, hear!

[Miss MacDonald.]

Miss MacDonald: Opposition questioning about these serious allegations is an attempt, if ministers opposite will try to understand, to make the Prime Minister and his cabinet colleagues accept the responsibility for what goes on in their departments. Opposition questioning is an attempt to make the Prime Minister and his cabinet aware, since they so easily forget, that they are accountable to the people of Canada through parliament. It is an attempt to bring home to the people of this country the fact that their freedoms and their civil liberties are being eroded before their eyes by a government which no longer knows the difference between national security and the security of the Liberal party.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Miss MacDonald: What is at issue here is not the actions of the RCMP. The real essence of this issue is the lack of government responsibility and the erosion of civil liberties.

The government, in its answers to questions in this House during the last two weeks, has been vacillating between two positions: that of denying responsibility for any illegal actions that may have taken place, and that of excusing them in the name of national security. Both of these positions are reprehensible; but I want to concentrate on the last one, excusing them in the name of national security.

I am very much bothered by this term national security, which has been bandied about so freely in the past few weeks. What does that phrase mean? Is it a threat to national security to disagree with the Prime Minister and his colleagues? Is it a threat to national security to express that disagreement through legitimate political channels and actions? Who in the government is setting the parameters of national security, and who is defining what constitutes a threat to it?

I have always believed that we in Canada lived in a democratic society. I have always believed that in that democratic society there existed certain inviolable rights: the right to freedom of speech; the right to join any group in order to express that freedom, be it political, social or religious; the right to privacy; the right to a fair trial; and the right to presumption of innocence.

I have always believed that the law applied to everyone, but here in parliament we have been repeatedly told in recent days that the law does not apply to everyone, that some people cannot be presumed innocent, that privacy of individuals can be invaded, that certain organizations can operate less freely than others, and that the freedom of expression of some individuals may be intercepted or monitored, all in the interests of national security.

We in the opposition are being told that we should not make a fuss about this, that we should be reasonable and allow that some people are freer than others, and that occasionally the rule of reason must take precedence over the rule of law. The law is written down and is applied and interpreted within the strict confines of the traditions of precedents and of the judicial system. Reason is rather nebulous and is often inter-

preted and applied by the most unreasonable of agents, and I cannot accept that the rather suspect rationality of this government should have precedence over the rule of law and the law of the land.

● (2207)

Mr. Lang: Mr. Speaker, I would like to ask a very pertinent question at this point, and I wonder if the hon. member—

Miss MacDonald: I will take the question when I have finished my speech, Mr. Speaker.

The people of this country have lived all their lives trusting in the basic tenets of their democracy. They have waved few banners about their rights, and I suppose if pressed to enumerate them they would probably have trouble doing so. They simply take them for granted, and assume that their elected representatives do so as well. Well, it is obvious that such complacency about our civil rights is no longer justified.

The citizens of this country can no longer assume that their government will protect their basic freedoms. That trust which they placed in their leaders is no longer respected. The government has been misusing the trust of the nation. It has been manipulating that trust to condition Canadians to accept, on the one hand, the fact that a certain amount of law breaking by those in power is essential and, on the other hand, that such law breaking will never touch them or their rights. The most dangerous aspect of this whole issue is the notion that these infringements of basic freedoms can touch some of us and not touch all of us.

I cannot emphasize strongly enough that the revelations of wrongdoing which have emerged recently affect every single Canadian; that the freedoms of every single Canadian are threatened by the attitude of this government; and that the trust and complacency about our freedoms are no longer justified.

It is time for every Canadian to re-think the basic civil rights which he or she has taken for granted for so long, to recognize the fragile nature of those rights and to demand that the government respect them. We must all realize that by allowing the negation of civil rights in some "special" cases we have created an apparatus which can eventually infringe upon all of us, and we need to be aware of the progression of that infringement.

In the past we have been faced with the temporary suppression of our freedoms during times of war, through the War Measures Act. Many injustices were carried out under the umbrella of that act which were excused because the "national security" was threatened by war. More recently, during peacetime, the government invoked the War Measures Act during the October crisis of 1970. Again injustices were carried out against innocent people, and the government excused it all because the "national security" was threatened, not by war, but by subversion, terrorism or by an apprehended insurrection.

Now we discover that the freedoms of some individuals and groups are being eroded every day in peacetime, without even the pretense of a War Measures Act, and that it is all taking place because the "national security" is being threatened, not by war, subversion or terrorism, but by the democratically expressed dissent of some groups or even by the suspected beliefs of some others.

I suggest that both the concept of national security and what constitutes a threat to it have undergone a considerable revision in recent years, a revision not conducive to civil liberties, and I am terrified to think how much further that progression might go. These fears are not exaggerated when we are faced with a government which confuses the national good with its own good.

● (2212)

It is the responsibility of all Canadians to uphold their civil rights in every area of their lives. But it is the special responsibility of the members of parliament to uphold the system of law and of parliamentary democracy. That applies particularly to cabinet ministers. Those who have governed us in the past have always taken that responsibility seriously and, by so doing, have encouraged the belief of all citizens in their political system. But the cynical attitude of this government toward parliamentary traditions has thwarted the expectations of Canadians and encouraged a cynical attitude in the public perception of values. If the people of this country can no longer look to their government for confirmation of their basic freedoms, then where can they turn? If the government cannot be counted upon to uphold the law, who can?

What the events of these past few weeks have pointed up is that we must all reflect on what the rule of law means. It is a fundamental tenet of our democracy and we must not take it for granted, lest it slip away from us. As expressed by the British jurist, Dicey, in "The Law of the Constitution", the rule of law means not only that with us no man is above the law, but that here every man, whatever be his rank or condition, is subject to the ordinary law of the realm and amenable to the jurisdiction of the ordinary tribunals.

That ordinary citizens do not rise above the law is assured by the efforts of the police and the security forces. That the police and security forces do not rise above the law can only be assured by the efforts of the ministers who are supposed to be responsible to this House.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being 10:15 p.m., it is my duty to interrupt the debate and put forthwith every question necessary to dispose of the proceedings now before the House, in accordance with Standing Order 58(9).

The question is on the motion by Mr. Clark (Rocky Mountain) and the amendment thereof by Mr. Broadbent. Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Division

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

● (2232)

Before the taking of the vote:

Mr. Speaker: Order. Pursuant to the point raised earlier this day, I shall now table the exchange of correspondence and documents between the hon. member for Central Nova (Mr. MacKay) and myself a few days ago.

The question is upon the amendment in the name of Mr. Broadbent.

The House divided on the amendment (Mr. Broadbent) which was negatived on the following division:

● (2237)

(*Division No. 9*)

YEAS

Messrs.

Alkenbrack
Baker (Grenville-Carleton)
Benjamin
Brewin
Brisco
Broadbent
Cadieu
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crosbie
Crouse
Darling
Dick
Douglas (Nanaimo-Cowichan-The Islands)
Epp
Forrestall
Fraser
Friesen
Gilbert
Gillies
Grafftey
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hees
Hnatyshyn
Howie
Huntington
Hurlburt
Jarvis
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
La Salle
Lawrence
MacDonald (Miss) (Kingston and the Islands)
MacKay
Macquarrie
Malone
McCain
McCleave
McKenzie
McKinnon
Mitges
Munro (Esquimalt-Saanich)
Murta
Nowlan
Nystrom
Orlikow
Paproski
Patterson
Peters
Ritchie
Rodriguez
Rynard
Schellenberger
Scott
Skoreyko
Smith (Churchill)
Stanfield
Stevens
Symes
Towers
Whiteway
Wise
Woolliams
Yewchuk—65.

NAYS

Messrs.

Allmand
Anderson
Andras (Port Arthur)
Appolloni (Mrs.)
Basford
Beaudoin
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Caron
Clermont
Condon
Corbin
Corriveau
Côté
Cyr
Danson
Daudlin
Demers
Dionne (Kamouraska)
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Dupont
Dupras
Ethier
Flynn
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Harquail
Herbert
Holt (Mrs.)
Isabelle
Jamieson
Kaplan
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Laprise
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Loiselle (Chambly)
Loiselle (Saint-Henri)
MacDonald (Cardigan)
Macdonald (Rosedale)
Maine
Marceau
Marchand
Martin
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Penner
Philbrook
Pinard
Portelance
Poulin
Prud'homme
Raines
Reid
Roberts
Rompkey
Rooney
Sauvé (Mrs.)
Sharp
Smith (Saint-Jean)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Yanakis
Young—104.

[The Acting Speaker (Mr. Ethier).]

● (2242)

Mr. Speaker: I therefore declare the amendment lost.

Amendment (Mr. Broadbent) negatived.

Mr. Speaker: The question is therefore upon the motion of the Leader of the Opposition (Mr. Clark).

The House divided on the motion (Mr. Clark) which was negatived on the following division:

(*Division No. 10*)

YEAS

Messrs.

Alkenbrack
Baker (Grenville-Carleton)
Benjamin
Brewin
Brisco
Broadbent
Cadieu
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crosbie
Crouse
Darling
Dick
Douglas (Nanaimo-Cowichan-The Islands)
Epp
Forrestall
Fraser
Friesen
Gilbert
Gillies
Grafftey
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hees
Hnatyshyn
Howie
Huntington
Hurlburt
Jarvis
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand
La Salle
Lawrence
MacDonald (Miss) (Kingston and the Islands)
MacKay
Macquarrie
Malone
McCain
McCleave
McKenzie
McKinnon
Mitges
Munro (Esquimalt-Saanich)
Murta
Nowlan
Nystrom
Orlikow
Paproski
Patterson
Peters
Ritchie
Rodriguez
Rynard
Schellenberger
Scott
Skoreyko
Smith (Churchill)
Stanfield
Stevens
Symes
Towers
Whiteway
Wise
Woolliams
Yewchuk—65.

Division

NAYS

Messrs.

Allmand	Daudlin	Harquail
Anderson	Demers	Herbert
Andras (Port Arthur)	Dionne (Kamouraska)	Holt (Mrs.)
Appolloni (Mrs.)	Dionne (Northumberland-Miramichi)	Isabelle
Basford	Douglas (Bruce-Grey)	Jamieson
Beaudoin	Dupont	Kaplan
Béchard	Dupras	Lajoie
Bégin (Miss)	Ethier	Lalonde
Blais	Flynn	Lamontagne
Blaker	Foster	Landers
Blouin	Fox	Lang
Boulanger	Francis	Langlois
Breau	Gauthier (Ottawa-Vanier)	Laniel
Buchanan	Gendron	Lapointe
Bussières	Gillespie	Laprise
Caccia	Gray	Leblanc (Laurier)
Cafik	Guay (St. Boniface)	LeBlanc (Westmorland-Kent)
Campagnolo (Mrs.)	Guay (Lévis)	Lee
Caron	Guilbault	Lefebvre
Clermont	Haidasz	Loiselle (Chambly)
Condon		Loiselle (Saint-Henri)
Corbin		MacDonald (Cardigan)
Corriveau		
Côté		
Cyr		
Danson		

Messrs.

Macdonald (Rosedale)	Ouellet	Rooney
Maine	Parent	Sauvé (Mrs.)
Marceau	Pearsall	Sharp
Marchand	Penner	Smith (Saint-Jean)
Martin	Philbrook	Stollery
McRae	Pinard	Tessier
Milne	Portelance	Trudeau
Munro (Hamilton East)	Poulin	Trudel
Nicholson (Miss)	Prud'homme	Turner
O'Connell	Raines	Watson
Olivier	Reid	Yanakis
	Roberts	Young—104.
	Rompkey	

● (2247)

Mr. Speaker: I therefore declare the motion lost.

Motion (Mr. Clark) negatived.

Mr. Speaker: It being after 10.30 p.m. this House stands adjourned until 2 p.m. tomorrow.

At 10.50 p.m. the House adjourned, without question put, pursuant to special order.

APPENDIX "A"

LEADER OF THE OPPOSITION—CHEF DE L'OPPOSITION

November 3, 1977

Hon. James Jerome, M.P.
Speaker of the House
Room 222-N
House of Commons
Ottawa, Ontario

Dear Mr. Speaker:

Following disclosure of an intrusion device in the office of the Member for Central Nova, authorization was given for an examination of my Office by a professional counter-measures firm.

Enclosed is a copy of the report which the firm has submitted on the basis of their examination of my Office on October 31st and November 1st.

I will leave to you, as the responsible officer for the security of these buildings, any further action which you might deem necessary or appropriate.

Sincerely,

Joe Clark

November 3, 1977

Mr. William H. Neville,
Chief of Staff,
Office of the Leader of the Opposition,
Room 409S,
House of Commons,
Ottawa, Ontario.

Dear Mr. Neville:

Pursuant to the authorization given to us by you, we have examined the Office of the Leader of the Opposition in accordance with established professional counter-measures practices and wish to report the following:

1. In examining the telephone installed in your Boardroom with Dektor DTA, it was disclosed by the ohm meter and oscilloscope that a reverse bias diode appeared within the hook switch network.

2. Upon opening the phone, it was observed that a dilapidated top hat diode was connected to the hold circuits through a wire that was not current to the manufacture of the phone.

3. Upon inspection of the hook switch and comparing with other similar phones in the building, it was noted the finger leaf of the hook switch was bent in such a manner that the "closes second contact" was not opening.

4. Upon further inspection, it was noted by the crammed recircuited wires that this phone had been tampered or opened and dismantled in times past.

5. Upon examination of the hook switch cover, it was noted that the fastening clip was broken on the cover.

Attached are our professional opinions and conclusions based on the above findings.

Report Submitted by:

W. M. Sandiford,
General Manager,
Uniserv Sound & Signal Inc.

Dan McGarry,
President,
Uniserv Sound & Signal Inc.

Conclusions

1. The boardroom telephone indicated that its manufacture was around the 1966 period.

2. In checking, it was disclosed and consequently verified that this style of top hat diode had not been used by the manufacture for 10-15 years.

3. The diode was not installed in a recognized common practised manner, as would have been by the manufacturer.

4. The diode connecting wires were cloth covered wires and all other wires within the phone are vinyl covered wires.

5. With the hook switch bent as it was, it is possible that, although the receiver would disengage from the phone, the transmitter would not.

6. With the Dektor DTA indicating a reversed bias diode, it is quite possible that a remote listening device could be placed on the telephone as long as one of the five lines coming into the Leader's Office boardroom was depressed.

7. It is further noted that, with the technology of this type of phone set, the hook switch only disconnects the ring but not the tip of the incoming line, and, thus, the addition of different types of listening devices could be more conveniently added at the set end.

8. Therefore, a potential intruder's only problem is to ensure that one of the five lines in the telephone is depressed in order to activate it.

Submitted Opinions

1. The conference room telephone was capable of being used as an eavesdropping device and, in fact, still was capable of being an eavesdropping device until 8:10 p.m. on Monday, October 31, 1977, at which time effective counter measures were taken.

2. Installation of foreign equipment and modifications of this type would not have been done by any regular telephone company personnel.

3. The modifications made to the telephone were highly professional and covert. Sophisticated equipment would be used at the listening post in order to decrease detection from the user and the telephone company.

4. All phones should be scanned and proper safeguards taken against illegal intrusion devices.

5. The following characteristics would apply to the kind of listening device which could be operated with these modifications to the boardroom telephone:

Life span: until removed from the phone;

Installation time: 5-10 minutes;

Listening capabilities: whatever was said in the boardroom;

Detection: does not affect normal operation of phone, only detected by use of electronic equipment and hard physical inspection;

Listening post: within telephone network, with harmonica or infinity transmitter, ultimately receivable virtually anywhere in the world (with exception of Germany);

Popularity: Utilized by professionals in the intelligence gathering field.

W. M. Sandiford
General Manager
Uniserv Sound & Signal Inc.

Dan McGarry
President
Uniserv Sound & Signal Inc.

APPENDIX "B"

BELL CANADA

House of Commons,
Col. D. C. Currie, V.C.
Sergeant at Arms,
Ottawa, Ontario.

Dear Colonel Currie,

As instructed by your office, I took possession of telephone apparatus identified as Station K associated with telephone number 996-5084 at mid afternoon on Tuesday, November 8, 1977.

We are informed that:

This telephone apparatus had been installed in the Conference Room associated with the office of the Leader of the Opposition prior to November 7, 1977.

The telephone was identified at 8:10 p.m. on October 31st by Uniserv Sound and Signal Incorporated as capable of being used as an eavesdropping device.

The device and wiring causing the alleged condition were removed from the telephone by Uniserv Sound on October 31st, 1977, without Bell Canada's permission or presence.

On November 8th, 1977, W. Sandiford of Uniserv Sound in my presence attempted to restore the telephone set to the condition he had found it in at 8:10 p.m. on 31st October, using the components that he said were those removed from that set. On completion, Mr. Sandiford stated that he had restored the telephone to the condition in which he found it except for the following:

(a) a broken lead on the diode prevented him from making one termination, and

(b) he could not restore the bent contacts in the switch hook as found for fear that he would cause additional problems.

As requested by you, we have assessed the telephone apparatus in the condition in which it was given to us to determine (a) whether it could be used as a covert listening device and (b) whether the top-hat diode and connecting wires installed in the telephone set were foreign to telephone company use for such installations. Bell-Northern Research Laboratories, Ottawa, upon request of the Telephone Company have analyzed and conducted extensive tests on the telephone apparatus and conclude the following:

1. "It is our view based on our tests that any telephone accessing this telephone through the switched network could not use this telephone as an eavesdropping device. However, the subject telephone was in a condition that if accessed in a sophisticated way directly from cables associated with that telephone it could have acted as an eavesdropping device."

2. "All materials found inside the telephone were of types commonly used by Bell Canada."

On receipt by us of this telephone set the hook switch contacts were in operating condition. It was stated to us that at the time Uniserv first inspected the set, one hook switch contact was bent. We cannot now know what bending had been imposed on the hook switch contact.

We would observe however, that if the hook switch contact had been bent as claimed, the telephone set would have been found by the user to be in a defective condition. A Bell craftsman who worked on the set on 27 October 1977 did not find the set to be defective as to service.

In addition to our examination of the set and apparatus, we have also carried out a thorough physical inspection of all associated cable and wiring to the station, and have uncovered no irregularities.

Our report with respect to this set is limited to the capabilities of the set in the condition in which it was presented to us. A more definitive view could have been given prior to the set being altered.

If I can be of further assistance to you please do not hesitate to contact me.

J. P. Grenier
Security Supervisor

HOUSE OF COMMONS

Wednesday, November 16, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

THE MINISTRY

REQUEST MINISTER OF INDUSTRY, TRADE AND COMMERCE APOLOGIZE FOR REMARKS ABOUT CAPE BRETONERS—MOTION UNDER S.O. 43

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On October 20 I rose in this House urging the Minister of Industry, Trade and Commerce (Mr. Horner) to consider new coal mines on Cape Breton Island. I received a rather satisfactory reply. In his reply the minister said, and I quote:

My long association with the hon. member has made me very, very aware of the problems in Cape Breton. He can rest assured that his representations will be noted and remembered.

On Wednesday, November 9 in a speech made in this House the same minister stated:

We are slow in developing some of our coal mines. That is one aspect which—

Some hon. Members: Order.

Mr. Speaker: Order, please. If the hon. member has a motion, would he put it forthwith.

Mr. Muir: Yes, Mr. Speaker, I would be very glad to do so, although I have to lay a foundation for Your Honour's assistance. The minister went on to say the following:

... especially in Cape Breton because of the costs, and I think I should say perhaps because of the inappreciability of the Cape Bretoner for the retention of his job.

Then he admitted: "This is a serious accusation".

Mr. Speaker: If the hon. member has a motion, would he move it.

Mr. Muir: I therefore move, seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

That, in light of this insane and disgusting insinuation by the minister, which more or less implies in his view that Cape Bretoners are lazy and cannot retain their jobs, it is incumbent upon the hon. gentleman to make a public apology to the people of Cape Breton for his outrageous contumely.

I might add for the minister's information that "contumely" does not refer to a wheat combine. If he wants to know what that means, we will send him a dictionary.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

SUGGESTION ACTION BE TAKEN TO INCREASE BASIC DISABILITY PENSION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am confident that there are members in all parties who would like to see this motion passed without debate. Therefore I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House calls on the Minister of Veterans Affairs, now that he has learned very clearly from a great many veterans of their deep concern over the decision not to increase the basic rate of the war disability pension, to re-open this issue in cabinet, it being the view of this House that the basic rate of the war disability pension should be kept in line with the level of take-home pay of the five categories of public servants, as approved by parliament in 1973, and that action on this matter should be taken without any further delay.

Mr. Speaker: Such a motion can be presented for discussion pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN CONSTITUTION

REQUEST THAT GOVERNMENT MAKE PROPOSALS FOR RENEWED FEDERALISM—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing and urgent necessity.

The CBC French program Télé Mag recently made public a poll in which 70 per cent of Quebecers questioned were in favour of a renewed federalism, 35 per cent, or more than the whole of the opposition parties, were for the Lévesque adminis-

tration. Due to constitutional uncertainty prevailing at this time, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House urge the government to state as soon as possible its views about a renewed federalism, association or other constitutional views, in order to restore a climate for discussion and not for confrontation with the Quebec government.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: No!

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR DETAILS OF FILE ON OPERATION "FEATHERBED"—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of pressing necessity as a result of the fact that information I have received within the last half-hour indicates that the so-called "Featherbed" file maintained by the security service is far more extensive than it was initially thought to be and deals with a number of additional matters of which I was not aware yesterday and that the "Featherbed" file is probably the government's most carefully guarded secret at this moment. I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That the Solicitor General make an immediate admission of the extensiveness of this file—

I move this motion despite the fact that a minister opposite cannot do anything but laugh at reality.

Some hon. Members: Order.

—that he make public all subjects dealt with in this file and, in addition, that both he and the Prime Minister advise the House whether the statement made in Halifax overnight by the Minister of Industry, Trade and Commerce that he is sure that files exist on everyone going into public life, particularly cabinet ministers, is actual fact—

Some hon. Members: Order.

Mr. Speaker: Order.

Some hon. Members: Sit down.

Mr. Cossitt: Would you shut up for once over there! You just can't face reality.

Mr. Speaker: Order, please. The hon. member for Red Deer.

[Mr. Beaudoin.]

POST OFFICE

SUGGESTION DEPARTMENT GIVE PRIORITY TO IMPROVING SERVICE RATHER THAN ADVERTISING—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the continued deterioration in postal services and growing dissatisfaction on the part of the general public, many members of which consider the current television campaign advertising of that department to be a form of brainwashing, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the Postmaster General give priority to upgrading postal services rather than publicizing and extolling those services, which are unacceptable to taxpayers, especially during this period of supposed government restraint.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INDUSTRY

REQUEST THAT IMPORT QUOTAS ON CLOTHING BE EXTENDED FOR THREE YEARS—MOTION UNDER S.O. 43

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to discuss an urgent matter concerning the Canadian textile industry.

In view of the government's failure to negotiate a three-year agreement on the imposition of textile quotas and since textile imports represent over 60 per cent of the Canadian market while European countries, Great Britain and the United States are restricting them to between 15 and 20 per cent, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That the House urge the government to avoid other lay-offs in that sector of our economy and demand that the Minister of Industry, Trade and Commerce (Mr. Horner) maintain current quotas to their 1975 level for at least three years.

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

Some hon. Members: Agreed.

Some hon. Members: No.

● (1412)

[*English*]

URBAN AFFAIRS

PROPOSAL CERTAIN MUNICIPALITY REDUCE TAXES—MOTION UNDER S.O. 43

Mr. Robert McCleave (Halifax-East Hants): My motion under the provisions of Standing Order 43 is made because a town in Ontario has suggested in a resolution that the House of Commons should not be debating the topic it did yesterday. My motion is therefore made in the spirit of complete political friendliness. I therefore move:

That the said town fathers do their best to cut the town taxes by 50 per cent and we in the House of Commons will applaud their efforts.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

PROPOSED COMMITTEE INVESTIGATION OF ALLEGED ILLEGAL ACTIVITIES—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I am desirous of seeking the permission of the House to obtain unanimous consent under the provisions of Standing Order 43 to present a motion of urgent and pressing necessity. I would move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That an all-party committee be set up forthwith to meet in camera with appropriate Cabinet ministers and staff to get to the bottom of alleged improprieties of the RCMP, the security service and the DND because there is public concern, first, that the image, decorum and performance and its traditions will be further destroyed; second, the public confidence in the RCMP, the DND and the national security service will continue to be in doubt and third, subversives and organized crime and their actions will continue to thrive and the lives and safety of innocent Canadians and the nation will be in jeopardy.

Mr. Speaker: Such motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

Mr. Speaker: Order, please. I wonder if I might take a minute before beginning the question period to remind hon. members that a short time ago I had asked their co-operation and assistance in seeing to it that we try to share the question period in a proportionate way between participants on both sides of the House, from all regions and with several subjects of interest. This can be done only if hon. members are prepared to discipline themselves to a certain extent with respect first, to the shortness of questions and second, to the shortness of answers.

I have been quite lenient with respect to the length of questions, so it is difficult for me not to be lenient with answers and therefore I have perhaps been a little bit generous on both sides in allowing prolonged questions which are responded to by prolonged answers. The result has been, I think, a little unfair to backbenchers on both sides of the House who have not been able to participate greatly in the question period.

I know I am speaking on behalf of all members of the House, not simply the Chair, in saying this because I know this concern is shared by everyone in the House. Therefore, perhaps we might begin by disciplining ourselves again to keep both the questions and the answers as short as possible today.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

POSSIBILITY OF DISCUSSING WITH ITALIAN PRIME MINISTER ROLE OF ITALIMPIANTI IN SALE OF NUCLEAR REACTOR TO ARGENTINA

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. In putting the question to him I hope you will permit me to say that on the day when the Prime Minister of Italy is arriving in Canada I would hope that at a more appropriate time members on both sides of the House would join with the Secretary of State and the government in welcoming him on his four-day official visit.

Some hon. Members: Hear, hear!

Mr. Lawrence: In saying that, may I point out to the minister that the government of Italy has immense equity and financial stake in the contracting firm of Italimpianti, the partner of AECL in the nuclear reactor sale to Argentina and, I have been told by Italimpianti individuals, has authority over senior personnel of Italimpianti including Mr. Lucien Secouri, general manager of Italimpianti who knows where our Canadian payoff moneys went but who will not divulge that information to either a committee of the House of Commons or the RCMP.

Mr. Speaker: Order, please. This is hardly an exemplary start. I wonder if the hon. member would put his question.

Mr. Lawrence: Mr. Speaker, I was just indicating to my colleagues that you would start this new policy on the day I had the initial question.

● (1417)

My question to the minister is simply this, and it is a most serious one: has the government put on the agenda of its discussions with the Italian Prime Minister this subject to elicit the help and support of the Italian government which, if it was forthcoming in this matter, would give us some information which has not been forthcoming in the past?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Speaking from memory, Mr. Speaker, I do not recall that this specific item is earmarked or spelled out on the agenda. However, there is a general topic relating to Canada's relations with Italy and, of course, the matter could be raised there. If the hon. member has any further requests to make and would convey them to me in specific terms I will, as I hope he will agree I have done up to now, transmit them, and I will be very glad to see what further steps we can take to get the information which I presume the former chairman of the Public Accounts Committee still wishes.

Mr. Lawrence: My only supplementary to the minister then is simply this: because of the lack of success that members of this House, including members of the Public Accounts Committee, have had in the past in getting this type of information from either the minister or his department, I wonder whether the minister or the government would object to a minor breach of protocol so that some private members of this House, even members of the Public Accounts Committee, could seek an audience with the Italian Prime Minister while he is here in order to emphasize the need for finding out what happened to that Canadian money?

Mr. Jamieson: Mr. Speaker, perhaps the hon. member is not aware of the fact, but the Prime Minister of Italy has very kindly agreed to meet with the Committee on External Affairs and National Defence of this House during his stay here. I understand there are members of all parties who will be attending that event. Certainly, there is no restriction in so far as we are concerned of the kind of discussion which could take place, so I would say it would be entirely up to members what matters they discuss with him.

* * *

ATOMIC ENERGY OF CANADA LIMITED

AGREEMENT WITH MR. EISENBERG ON REACTOR SALE TO KOREA—PROPOSED DEMAND FOR RETURN OF MONEY PAID

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I direct my supplementary to the Acting Prime Minister. Since there is now evidence from South Korea that none of the 23 specific requirements of the Atomic Energy of Canada Limited agreement for post-contract services arising out of the Korean electric sale have been performed by the AECL agent, Shaul Eisenberg, will the government, which has allowed AECL to advance over $2 million on these reportedly non-existent services, now direct AECL to demand the return of the money?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I shall inquire and report to the hon. member.

[*English*]

Mr. Clarke: Mr. Speaker, if the minister would not mind addressing himself to this, since the testimony of the AECL chairman to the Public Accounts Committee has now been placed in serious question, perhaps he would investigate these reports as well?

[*Translation*]

Mr. Chrétien: Fine, Mr. Speaker.

* * *

[*English*]

TRADE

IMPORT QUOTA ON CLOTHING—SUGGESTED RETENTION FOR THREE YEARS

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I should like to direct my question to the Acting Prime Minister in both his capacities; that is, the Acting Prime Minister and the Minister of Finance.

Since the first talks to negotiate new voluntary restraints on clothing imports have now broken down, creating a great deal of confusion in the retail clothing industry, will the minister now guarantee that present global import quotas will be retained at no more than the 1975 import levels for at least three more years?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, this is the policy of the government. We imposed those quotas in November last year.

Mr. Saltsman: For three years?

Mr. Chrétien: We implemented them last fall and we said later that they would be extended until July, 1978. Following that we have been negotiating an extension of these quotas for three more years. Those negotiations are still going on. Depending on the results of those negotiations, of course, it is the government's firm intention to provide a period of time in which the textile and clothing industry of Canada can adjust to the present situation. We envisage that as being for three years after 1978.

Mr. Saltsman: Mr. Speaker, about the only adjustment that has taken place has been one of disaster. Reports indicate that the talks with Korea about the levels of clothing imports have now broken down in what the press describes as wide differences. Can the Acting Prime Minister say what policy he will put in place to protect the domestic clothing industry because this talk about going to 1978 places the whole industry in a state of confusion.

● (1422)

Mr. Chrétien: Mr. Speaker, I just said we are planning to act for three years after July, 1978. We acted last November. The policy that the hon. member is promoting at this time is the policy that I enunciated last fall. We do not plan to change it. We have to follow the international rules. The first step is to get involved in negotiations with those countries that affect our markets. When that is completed, we will act according to international law. However, we have to complete the first round of negotiations.

Mr. Saltsman: As I indicated earlier, Mr. Speaker, there is a great deal of confusion in the sense that people do not know what orders to place and manufacturers do not know what orders to anticipate. Can the Acting Prime Minister tell the House how long he intends to go through this period of negotiation before coming to some final conclusion about the three year restriction and allocation of imports?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I wish to advise the hon. member that I am quite surprised to hear him speak of confusion, for these decisions were taken following the establishment of a joint committee made up of the industry, the unions and the provinces concerned, and all parties were in favour of our following this policy. I feel the sources of the hon. member should seek additional information from their respective organizations, for the policy we have developed in this area was approved by all parties involved.

* * *

FEDERAL-PROVINCIAL RELATIONS

SUGGESTED DISCUSSION WITH QUEBEC ON RENEWED FEDERALISM

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is directed to the Minister of State for Federal-Provincial Relations.

Following an opinion poll made public yesterday evening by the CBC French network, 70 per cent of Quebecers which were questioned opted for a renewed federalism, but the PQ government got 35 per cent of the votes, more than all the opposition parties in Quebec put together. I would like to ask the minister whether he intends to meet his Quebec counterpart, Mr. Morin, in a near future in order to discuss this matter of renewed federalism?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the government indicated clearly in the Speech from the Throne, that they were in favour of a new federalism in the Canadian system and that specific proposals would be put before the House during the present session which would include some amendments to the Canadian constitution.

As for the negotiation with the provinces and particularly with Quebec ministers, I shall remind the hon. member that the Prime Minister is now touring different provinces in Canada, that he has already met several premiers and that he intends to meet the Quebec premier in a few weeks on this subject, just as he met the other premiers. I can tell the hon. member that we are regularly in communication with the departments and the ministers of Quebec who are responsible for different sectors. If following the meeting between the Quebec premier and the Prime Minister it is necessary to pursue discussions at the ministerial level, of course I shall be pleased to be at the service of Quebec ministers to pursue these discussions.

INQUIRY IF MINISTER WILL MEET HIS COUNTERPART FROM QUEBEC

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, could the minister tell the House whether he has already met the Quebec minister, Mr. Morin, to discuss a new formula of renewed federalism? Since the present discussions between the right hon. Prime Minister and the provincial premiers seem to be—according to the press for I do not follow these discussions—confronting discussions, particularly on the Quebec side, could the minister tell the House whether he has already met or intends to meet Mr. Morin to launch this renewed federalism which everybody is expecting?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the attitude or the option of this government is by no means one of confrontation and I do not quite understand how the hon. member can talk of an attitude of confrontation when we have yet to meet the premier of Quebec. However, I must remind the hon. member that it is very difficult to enter into negotiations with a government whose aim is to split this country into two parts and which has very clearly stated that its target was the separation of Quebec from the rest of Canada. As for us, this is a non-negotiable option. We are prepared to negotiate a new federalism with Quebec, with substantial changes. But it must be quite clear from the start that what we are talking about is a new federalism and not the creation of two different countries with some kind of economic association.

* * *

• (1427)

[*English*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR DETAILS OF FILE ON OPERATION "FEATHERBED"—POSSIBLE MAINTENANCE OF FILES ON PEOPLE IN PUBLIC LIFE

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is for the Solicitor General and it is in regard to the so-called "Featherbed" file in possession of the security services of this country. I am informed it is far more extensive than I was able to indicate to the House yesterday. Will the minister confirm with a "yes" or "no" answer whether or not there has been in existence or still exists a file with the code name "featherbed" which is in any way in the hands of the security services of Canada.

Hon. Francis Fox (Solicitor General): Yes, Mr. Speaker.

Mr. Cossitt: I would like to ask the minister this supplementary: Is he prepared now to outline to the House the general nature of the subjects dealt with in this file?

Mr. Fox: It is a security service file dealing with extremely sensitive matters. It is not my intention to open up all the files of the security services, no matter what the code names might be. I have had the opportunity to review the operation "Fea-

therbed" with senior officers of the service and I am satisfied it is a proper one for the service to be involved in.

Mr. Cossitt: My final supplementary arises out of a statement made by the Minister of Industry, Trade and Commerce in Halifax and widely publicized today to the effect that he was positive that files were maintained on all those who are prominent in public life, particularly cabinet ministers. Is the hon. gentleman prepared to tell us whether this is true, whether it is government policy that this should be done?

Mr. Fox: I assume there are a number of files on members of the present cabinet. A number of us were engaged in work in the Prime Minister's office before entering active politics and our employment there made it necessary that security clearance be obtained through the RCMP.

* * *

POST OFFICE

REASON FOR EXPENDITURES ON PUBLICITY PROGRAMS

Mr. Gordon Towers (Red Deer): Mr. Speaker, my question is addressed to the Postmaster General. In view of the opposition of the general public to the present publicity program associated with the Post Office Department, can the minister tell us why the Post Office is spending taxpayers' money at a time when it is in such a serious deficit position?

Hon. J.-J. Blais (Postmaster General): I listened with some interest to the hon. gentleman's motion under Standing Order 43. I am not aware of any ongoing publicity campaign being televised at the present time.

* * *

AGRICULTURE

POSSIBILITY OF IMPORT QUOTA FOR BEEF IN 1978

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, my question was intended for the Minister of Agriculture but in his absence I shall direct it to the acting minister or to the parliamentary secretary. It arises from a reference he made during the throne speech debate to the possibility of a Canadian meat import law or the establishment of a meat import authority. In the event that important legislation on this subject is not available by the end of the year, and in view of the fact that there has been only slight downward adjustments in world cattle inventories, especially in Australia and New Zealand, does the minister intend to announce temporary quotas on imported beef for 1978 as he did for 1977?

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am taking note of the question asked by the hon. member and I will immediately bring this matter to the attention of the minister.

[*English*]

COW-CALF STABILIZATION—AMOUNT OF PAYMENTS

Mr. Bert Hargrave (Medicine Hat): My supplementary is for the parliamentary secretary and it has to do with the current cow-calf stabilization policy which has been in existence for the whole of this year. I would have asked the minister whether he intends to announce details of the pay-out under this policy and whether he would hazard a guess as to whether or not there will be a pay-out at all this year.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, as I did for the first question, I am taking note of it and I will report to the minister.

* * *

● (1432)

[*Translation*]

THE ROYAL CANADIAN MOUNTED POLICE

INQUIRY OF HEALTH MINISTER WHETHER TAPES OF SPEECH TO CARLETON STUDENTS ACCURATE

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare in order to clarify a few things. Surely she had enough time to listen to the tapes made by university students of the speech she delivered before them last week. Could she tell the House today whether these tapes which we have all heard reflect exactly what she said before those students.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, rather than analyze the interpretations of interpretations—we are now at the third rendition of what I have said and I do not remember anything whatsoever. I did check what an hon. member in the opposition had asked me and also the only point on the cabinet responsibility upon which I would like to report to the House. As for the medical records of the Laboratory Centre for Disease Control, and in as much as I have been able to check out, no medical record of patients or no—

Some hon. Members: Oh, oh!

Miss Bégin: No, I know very well what I am doing. I am telling the House what it ought to know. No record has been communicated to agents of the armed forces or the RCMP.

Mr. La Salle: Mr. Speaker, once more unto the breach. To my mind, the statements the minister made last week are very important bearing in mind the fact that she recognized that the instruments of the security service were such that the government no longer exercised any control over it. Did the Minister of National Health and Welfare make her statement on the lack of governmental control bearing in mind those powerful instruments which she described to the university students?

Miss Bégin: As far as I can remember, Mr. Speaker, I answered that question when I rose on a question of privilege last Wednesday.

* * *

[*English*]

HOUSING

RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM—INCLUSION OF ROOMING HOUSES

Mr. Art Lee (Vancouver East): Mr. Speaker, my question is for the Minister of State for Urban Affairs, but in his absence I will address it to his parliamentary secretary. In view of his minister's commitment to include private rooming houses under the residential rehabilitation assistance program which was made some time ago, can the parliamentary secretary assure the House that he will effect such change through legislation at the earliest possible moment?

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, first of all I should like to thank the hon. member for Vancouver East for bringing this question forward to the House. This matter was discussed and focused upon at the Habitat conference in his very own city of Vancouver. I would assure the hon. member and all hon. members of the House that it is the minister's intention to bring forward amendments to the legislation in view of the limit of $500 under the present program.

* * *

INDUSTRY

ALCAN FLUORSPAR OPERATION AT ST. LAWRENCE, NEWFOUNDLAND—REQUEST FOR REPORT ON NEGOTIATIONS TO AVOID LAY-OFFS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Secretary of State for External Affairs and perhaps he will thank me for my question as well. As the minister knows, the House is currently debating a bill which gives about $1 billion in tax concessions to corporations ostensibly to create jobs. Considering that the Alcan corporation has responded to this and it will get about $11 million assistance from the government by laying off some 400 people at St. Lawrence at their fluorspar operation, I would ask the minister, who has been directly involved in negotiations with the company, I understand, whether he has anything to report to the House; and specifically can he tell the House whether the company has changed its mind and will keep that plant in operation?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I think it may be drawing a long bow to have me answer this question in my ministerial capacity. I am happy to do so, however, with your permission because it is a matter which affects my own constituency and, as the hon. member says, several hundred workers there. I had meetings on the weekend in connection with this matter, and regrettably I do not see any likelihood that the Alcan corporation is going to change its mind. I equally say that it is a quite shocking situation that in fact they have shown so little concern for the workers in that particular operation, but rather than cry, as it were, over events which cannot be turned around, we are looking for, and I hope can find, alternative employment for those affected.

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FINANCE

SUGGESTED DENIAL OF TAX CONCESSIONS TO ALCAN IN VIEW OF CLOSING OF OPERATIONS IN NEWFOUNDLAND

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a supplementary question for the Minister of Finance. Considering that his colleague has just acknowledged that a corporation which is going to receive, out of the minister's present budgetary proposals which we are debating in the House today, $11 million, and is supposed to be involved in job creation yet is shutting down operations, not because it is losing money it is important to note, but because it can make more profit importing from Mexico, will the Minister of Finance consider retaliatory action to stop this company behaving in this way?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have already answered that kind of question. We have a tax system which applies to all companies and it may happen that some of them might be forced to cease their activities at this moment. However, I do not think that we could use the tax system to punish some and not others. The law is the same for everybody and we regret that company has taken that decision. However, I have investigated the matter myself and the hon. member's allegation that they had to do so in favour of another operation is not correct, because the mineral they extracted cannot replace the one they get out of the country for their operation.

[*English*]

Mr. Broadbent: A final supplementary question, Mr. Speaker. I want to get it very clearly from the finance minister. Is he saying that this corporation can respond in this way, a corporation which is making hundreds of millions of dollars profit annually and which has benefited from the labour of people in that town for many, many decades, and that there is nothing the government of Canada can do in face of that action by the corporation?

[*Translation*]

Mr. Chrétien: The answer is no, Mr. Speaker.

[*English*]

AIRPORTS

WINNIPEG—DATE EXPANSION OF FACILITIES WILL BEGIN

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct my question to the Minister of Finance. Since he has been in Winnipeg and appears satisfied that there is necessity for expansion of Winnipeg international airport, when will construction at the airport begin, and has the government at the present time let tenders for construction of the additions which will be needed? My question is for the Minister of Transport.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, in view of the fact that the hon. member addressed his question to the Minister of Finance, perhaps he might reword it for me.

Mr. Murta: I am sorry, Mr. Speaker. I address my question to the Minister of Transport. Since the government has at the present time expressed satisfaction that expansion of the Winnipeg international airport is necessary, I should like to ask the minister whether he has given thought to letting public tenders for construction of additional facilities at the airport, and when does he envisage construction beginning?

Mr. Lang: Mr. Speaker, we have just completed a very satisfactory and successful study of the question of the expansion of the airport and the alternatives which are available—that is to say, expansion on site or expansion in another place. Last week I released a study and asked for further comments on it within the next period of 60 days from members of the public. At that point we will begin to draw up a specific plan of action for the various improvements involved, and then in due course over time move to the actual construction phase.

* * *

HEALTH

REQUEST FOR COMMENT ON STATEMENT BY DR. EPSTEIN

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare regarding an address given by Dr. Epstein at York University based on the following statement. "The defects in scientific testing range from extensive incompetence to manipulation and distortion and actual data destruction on food additives, drugs, animal feeds, pesticides, auto pollutants, chemical waste and water quality". My question to the minister is: in view of the serious effects of this statement, what steps has the minister taken regarding this situation?

● (1442)

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I would like to obtain the permission of the hon. member to reply thoroughly tomorrow or in the coming session.

[Mr. Chrétien.]

IMMIGRATION

MEDICAL CONDITIONS WHICH PREVENT ADMISSION TO CANADA—REQUEST FOR TABLING OF REGULATIONS

Mr. Jake Epp (Provencher): Mr. Speaker, I should like to direct my question to the Minister of Employment and Immigration. The minister, in a letter dated November 3, announced that persons in Canada on the authority of a minister's permit, who could not get landed immigrant status due to medical prohibitions, will be eligible to receive landed immigrant status and possibly immediate citizenship status in some cases. I should like to applaud the government because this action has been taken finally. I should like to ask the minister: in what cases could persons be inadmissible due to medical conditions, as the minister announced on November 3.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we were aiming primarily at epileptics who could not get into this country before under the old legislation. They were allowed in by ministerial permits, but they could not apply for Canadian citizenship. We propose to land them as immigrants and start their time of residence in Canada from the time they actually came into the country to facilitate their securing Canadian citizenships.

Mr. Epp: Mr. Speaker, on the basis of the answer just given by the minister, can I ask him whether he would be willing to table the regulations whereby persons will know exactly which medical prohibitions will no longer be prohibitions and which will remain in place?

Mr. Cullen: Mr. Speaker, in this specific instance we had a target group in mind. Already we have communicated with them and expressed the government's intention to take this channel. Of course, the regulations will be tabled in the usual way. I hope they will be ready for study this month. We expect to proclaim the bill somewhere around the latter part of March.

* * *

INDUSTRY

AUTOMOBILES—RETENTION OF MONEY IN CANADA FOR RESEARCH

Mr. Joe Flynn (Kitchener): Mr. Speaker, my question was for the Minister of Industry, Trade and Commerce, but in view of his absence, I should like to direct it to the parliamentary secretary. Over $200 million a year is being taken out of Canada from the auto industry to support research in the United States, according to Dr. Patrick McTaggart-Cowan, the former head of the Science Council of Canada. Will the minister take steps, when he is having discussions on the auto pact, to see that this research money is spent here in Canada in order to create more jobs, boost our research and development efforts and keep Canadian dollars in Canada?

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, as regards the automobile agreement, we are now reviewing all measures taken in that sector, including our research policy, and I will draw my colleague's question to the attention of the Minister of Industry, Trade and Commerce.

* * *

[*English*]

VETERANS AFFAIRS

REASON FOR FAILURE TO INCREASE BASIC DISABILITY PENSION—POSSIBLE REFERENCE TO COMMITTEE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is directed to the Minister of Veterans Affairs. In view of the widespread concern expressed and the disappointment and discouragement of veterans' organizations across the country, as a result of the reluctance of the government to fulfil the commitment to equate the basic rate of pension with the five lowest categories in the public service, I wonder if the minister has had an opportunity to discuss again with cabinet the reason for its refusal and if this matter will be reviewed in the immediate future?

Some hon. Members: Hear, hear!

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, as the hon. member knows, I answered the question in the House a few weeks ago. The situation is still the same. The basic rate was not to be increased in the way requested. I want to remind the House that veterans will be receiving the cost of living index. When the financial constraints on the country become a little better, we will look at this again.

Mr. Marshall: Mr. Speaker, in view of the fact it is recognized that in January there will be a 7.2 per cent indexing to the basic rate of pension, I wonder if the minister will indicate whether he has heard concern expressed by the National Council of Veterans' Organizations which expressed their disappointment and discouragement. Is he going to meet with them? Will he refer the matter to the Standing Committee on Veterans Affairs in order for the problem to be dealt with and to express what veterans think is fair and just?

Mr. MacDonald (Cardigan): Mr. Speaker, in relation to this question, I indicated previously that I see no problem in referring it to the Standing Committee on Veterans Affairs when it is called. As far as receiving anything authentic from the veterans' organizations as such, I have not received anything; but I have received considerable mail on the same issue.

EXTERNAL AFFAIRS

APPLICABILITY OF GUIDELINES TO AWARDING OF MEDAL TO PREMIER LÉVESQUE BY FRANCE

Mr. Stan Schumacher (Palliser): Mr. Speaker, my question is for the Secretary of State for External Affairs. Can the minister tell the House if the medal awarded to Premier Lévesque by the government of France, which I understand is the second highest award that can be given by the French government, fell within the 1968 guidelines issued by the government of Canada governing the receipt of medals and honours by Canadian nationals?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the guidelines referred to by the hon. member are precisely that. They are not binding in the sense of any legal requirement.

Some hon. Members: Oh, oh!

Mr. Jamieson: Obviously we would have preferred that the guidelines be followed and respected by the donor country or indeed, for that matter, by the recipient. As I understand it, since the medal is rather widely distributed and it does not carry all that much distinction, it is not something I will get up tight about.

Some hon. Members: Oh, oh!

Mr. Paproski: How come Pierre has not got one?

Mr. Schumacher: Mr. Speaker, I should like to ask the minister if he can tell us whether that medal or award fell within the guidelines issued by the government? I am not clear as to whether in fact it fell within the guidelines issued by the government.

Mr. Jamieson: Mr. Speaker, the hon. member asked me if it falls between the guidelines—

Mr. Hees: Within, within. He did not say between.

Mr. Jamieson: Certainly, it fell between protocol, if you want to put it that way. Quite honestly, it has not concerned me enough to even look at the guidelines to see whether if fits or not.

Mr. Hees: Have you checked lately with the Prime Minister?

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HARBOURS

HALIFAX—PARTICIPATION OF GOVERNMENT IN CONSTRUCTION OF SECOND CONTAINER FACILITY

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is directed to the Minister of Transport. After the lapse of quite a bit of time, I should like to ask him once again whether the time for the second container pier in Halifax has yet come? Is the minister now prepared to make a firm commit-

ment that the government will participate in the second container facility, as well as facilitate the planning and land fill which is already done?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the government accommodated the move ahead with the land fill by the province in order for the site to be ready as soon as possible. There has been no revision, which I am aware of, in the date upon which we felt the completion of the terminal was necessary. Therefore, we will be taking the appropriate steps in due course; but I do not have an announcement to make at this moment.

Mr. Stanfield: Mr. Speaker, the minister referred to a date. Can the minister give us that date?

Mr. Lang: Mr. Speaker, probably I can get that analysis for the hon. member. It indicated that construction would be required in the fairly near future in order that completion be available by a date, which is not exactly in my mind but is only two or three years away.

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CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

OXFAM—PROPOSED STUDY OF FUNDING

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the Secretary of State for External Affairs in the absence of the House leader. In an analysis of Oxfam's financial position, a regional director suggested that it would be possible to obtain between $100,000 and $300,000 of CIDA funds in advance of when it would be required, depending upon the poor accounting practices of CIDA. In light of that statement by a director of Oxfam, would the minister be prepared to undertake a study of the funding of Oxfam now and in the future?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I would be very glad to do that. We carry out a continuing examination of the so-called non-governmental organizations. I have not seen that particular quote, but I will look into it and take the necessary steps to have it examined.

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[*Translation*]

SMALL BUSINESS

REQUEST THAT ELIGIBILITY CRITERIA FOR AID BE COMMUNICATED TO MEMBERS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the Minister of State (Small Enterprise).

Since the policy has been announced in the House some time ago and since it has undoubtedly been the object of a very serious study by the officials of his department, is the minister now prepared to tell the House if the eligibility criteria have been established and would it be possible for him to tell the members of the House about it so they can inform their constituents who are awaiting the benefits of this policy, hoping naturally that it is efficiently carried out one day.

• (1452)

[*English*]

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, as the hon. member is aware, in September I announced a policy which had been arrived at by my predecessor in a ten-point program. Some of this policy involves the burden of paper work, and in following legislation that we have introduced amendments to the CALURA legislation which have been given first reading. I hope to make further improvements in that area, apart from that legislation when it is passed. There are a number of other areas we are developing, including the purchasing policy of the government and its approach on venture capital, but a number of these things are going to take time, and I hope that when we do bring something before the House it will meet the hon. member's concerns.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary.

Would the minister tell the House very briefly, if he intends to call for information meetings in various areas of Canada and also in Quebec when the work he has just outlined is over in order to inform directors of small enterprises about it and enable them to benefit from it so they can help the government and the country put an end to unemployment?

[*English*]

Mr. Abbott: Yes, Mr. Speaker. I think that is an excellent suggestion by the hon. member, and we do intend to spread the message in the new year about the precise policies we have developed, but I think the hon. member would share my view that until we have something that is concrete to place before small businessmen it would not be advisable to go around the country simply making speeches about what we are going to do.

INQUIRY WHETHER TEN-POINT PROGRAM GOVERNMENT POLICY

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I have a short supplementary for the minister. Are we being led to believe by what he has just said that the ten-point program he inherited from his predecessor is in fact government policy on small business?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, the ten-point program as enunciated by me and developed by my predecessor was and is government policy, but the program as outlined anticipates a number of developments which are going to take place over a period of time, and therefore I am simply saying that I would like to see some of

these proposals put in a more concrete form before we have study sessions for the benefit of small businessmen.

ALLEGED REFUSAL OF BANKS TO GRANT LOANS

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I have another supplementary question for the same minister. Is the minister aware that some banks are flatly refusing to accept applications from worthy, bonded customers for small business loans using the excuse that they would rather lend the money at 12 per cent and 13 per cent than at the rate recommended by the Small Businesses Loans Act?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I have heard such allegations. I have been advised that some banks view the Small Businesses Loans Act with a lack of enthusiasm, and only as recently as yesterday in Kingston when some people were making the same allegation to me as the hon. member. I am investigating this, and I will be holding an early meeting with several senior officers of our chartered banks.

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ENVIRONMENTAL AFFAIRS

POPLAR RIVER PROJECT IN MONTANA—GOVERNMENT ACTION TO ENSURE NO ENVIRONMENTAL DAMAGE

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I have a question for the Minister of State (Environment) with respect to the concerns of a great many people in the southern part of Saskatchewan and the northern part of Montana about the potential pollution threat resulting from the Poplar River power project. I wonder if at this stage the minister can specify the actions the federal government will take to satisfy itself that this project will not in fact become a serious international air polluter, particularly once it develops beyond the initial 300 megawatts stage?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the federal Department of the Environment has been watching this project very closely. I want to assure—

An hon. Member: Budgets, studies—

Mr. Marchand: Don't get excited. I want to assure the hon. member that we will be vigilant, and high environmental standards will always be foliowed by the federal government.

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EXTERNAL AFFAIRS

IMPRISONMENT OF DANYLO SHUMUK IN SOVIET UNION—EFFORTS TO OBTAIN RELEASE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Secretary of State for External Affairs, and it relates to the case of Mr. Danylo Shumuk, who the minister will recall is a man who has spent 35 of his 62 years in Soviet prisons exclusively for political crimes. Will the minister tell the House whether officials of his department or the minister himself have intervened directly—and I emphasize directly—with the Soviet authorities here or in Moscow to obtain the release of Mr. Shumuk and permission for him to travel to join his Canadian relatives?

Some hon. Members: Hear, hear!

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, as the Leader of the Opposition appreciates, I would have to check the list since the matter stretches over a number of years. I have not personally and specifically identified the gentleman in question in the representations I have made. Having said that, however, I have personally delivered lists of individuals to Soviet officials, so I will look into that to see if the name is on those lists, and I will get a chronology of whatever representations there have been.

In a more general way, as I believe the Leader of the Opposition knows since he has supported motions in this House and elsewhere, we have made repeated representations to the Soviet Union with regard to cases of political prisoners and others in similar categories.

Mr. Clark: After the minister looks into this matter and if the name of Mr. Shumuk is not on any of the lists which have been submitted by the minister or his officials will he advise us why the name of Mr. Shumuk is not on those lists, and whether it will be the intention of the government to intervene directly in the case of this gentleman?

Mr. Jamieson: Mr. Speaker, I will be very pleased to do that. By way of an interim answer I can say that individual representations are legitimate and proper when in fact travel to Canada or matters affecting relatives in Canada are concerned, and against that background I suspect that something has been done on an individual basis, but I will look into this matter and provide the answers.

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VETERANS AFFAIRS

SUGGESTED RECONSIDERATION BY CABINET OF INCREASE IN BASIC DISABILITY PENSION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is to the Minister of Veterans Affairs. It is similar to the terms of a motion I sought to move today under Standing Order 43. It is also similar to a question asked earlier by the hon. member for Humber-St. George's-St. Barbe, but there is one important point the minister has not answered as yet.

In view of the fact that Canadians generally do not approve of the government's taking its economic troubles out on veterans and are anxious for the basic rate of the disability pension to be restored to the level established in 1973, will the minister

take this matter again to his cabinet colleagues and urge that it be reconsidered by the government?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I would like to leave one impression, and that is that down through the years—not just this year and last year—veterans have been treated quite well by the governments of Canada, and not just particularly by this government.

Some hon. Members: Hear, hear!

Mr. MacDonald (Cardigan): I would not like the impression to be left with this House or the country that we are not concerned.

I also would like to say that I am not the only minister who has been denied something he has been looking for. I want to make that clear because things can be very much misconstrued. However, as far as going back to the government with the proposals referred to is concerned, I cannot give the hon. member a date. I will go back to the government, but in all sincerity I would like to see that dust cleared first.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, when the minister goes back to the cabinet with the question of the rate of the basic disability pension would he also re-open the question of improving the position of veterans' widows?

Mr. MacDonald (Cardigan): Mr. Speaker, in the Department of Veterans Affairs we always have the concerns of veterans under consideration.

An hon. Member: Especially at election time.

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EXTERNAL AFFAIRS

MIDDLE EAST—RANGE OF POSSIBILITIES FOR SETTLEMENT REFERRED TO BY MINISTER

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, my question is to the Secretary of State for External Affairs. In view of the minister's statement in Jerusalem that the Middle East problem will have to involve some sort of territorial foundation and that there is a range of possibilities, what is the range of possibilities referred to by the minister?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I do not think the rules would permit me to give the kind of detailed answer the hon. member wants. I think perhaps my best answer might be to invite the hon. member—and any others, by the way, who might be interested in this subject—either in a formal meeting of the Standing Committee on External Affairs and National Defence or separately to discuss it with me because it is far too complex, and I think the hazards of perhaps an improper statement at this time preclude my answering in detail.

[Mr. Knowles (Winnipeg North Centre).]

MINISTER'S DEFINITION OF PALESTINIANS

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, in view of the minister's response I hope he will in fact refer the matter to the committee or make a statement on motions in this House as a result of his visit.

With reference to the minister's statement that the Palestinian Arabs cannot be left out of peace-making processes, who in the minister's opinion are the Palestinians? Are the Palestinians in fact those who live within the disputed territory, outside the disputed territory or both?

● (1502)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, again I will do my best to be brief and precise. I had in mind most particularly those who are presently in the so-called disputed territory. One can also refer to some who are so-called refugees—that is one definition that is given to them—who may be living elsewhere at the moment. Of course, there are other definitions as well. In the terms that I made the statement, it was to the effect that there are people who have either been dislocated in terms of their traditional homes or who are at present insecure in terms of their present homes. This was a humanitarian and political problem which had to be resolved if there was to be progress on a Middle East settlement.

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PRIVILEGE

MR. WALTER BAKER—PARLIAMENTARY PRIVILEGE VIS-À-VIS SUPREME COURT OF ONTARIO RULING

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a question of privilege which affects all hon. members and to which Your Honour has already given some thought as a result of the notice I gave in this House the day before yesterday. It relates to the judgment given by Chief Justice Evans in the Supreme Court of Ontario respecting the "Regulations respecting the security of uranium information, S.O.R. 76-644." In my respectful submission, this judgment gave an interpretation of the extent of parliamentary privilege which I do not believe this House is obliged to accept, and I say with deference that I believe it should not be accepted. The relevant part of the judgment reads as follows, at page 42:

> Following the authorities set out above, I have come to the conclusion that a member of parliament may utilize information proscribed by reg. 76-644 in parliament and may release that information to the media. However, I hold that the privilege of the member cannot be extended to protect the media if they choose to release the information to the public. Nor do I consider that the "real" and "essential" functions of a member include a duty or right to release information to constituents. The cases indicate that the privilege is finite and I would not be justified in extending the privilege to cover information released to constituents.

This judgment is no doubt consistent with the course of judicial interpretation, but I am not so sure it is consistent with procedural authorities and rulings by Mr. Speaker in this House. I believe, first of all, that it makes little sense and bad precedent to assert the clear line between the House and the

press which the judgment sets out. In this connection I would quote from one of your rulings, Mr. Speaker. In your ruling of December 19, 1974, at page 2383 of *Hansard*, in the case of remarks made by the late Mr. Real Caouette respecting possible bribery of press gallery members, you said:

I have additional concern about the fact that the allegations relate to the relationship between the members of this House and the members of the press gallery here, or at least some of the members of the press gallery, because to a certain extent the press gallery is an extension of the functioning of the House in bringing before the Canadian people, the electorate, the events of the House through the faithful and objective reporting of such events. This is not the sole responsibility of the press gallery but is a matter over which this House wants to exercise some interest—

That statement was an explicit recognition that free communication between a member and a constituent or the general public is more than a question of freedom of speech in the House. It is a recognition that the medium which transmits or interprets the message is part of the parliamentary process in a general sense and must not be subject to pressures or intimidations which do not permit conscientious and accurate reports to be made. The judgment of Mr. Justice Evans explicitly upsets the assumption made by you, Mr. Speaker, on the place of the press in this parliament. The judgment challenges our assumption that we are entitled to fair and accurate reports of our proceedings. May says, at page 80 of the nineteenth edition:

But the publication, whether by order of the House or not, of a fair and accurate account of a debate in either House of parliament is protected by the same principle as that which protects fair reports of proceedings in courts of justice, namely, that the advantage to the public outweighs any disadvantage to individuals unless malice is proved.

I would add here that if it is asserted that this quotation is inoperable because it is not the rights of individuals, but national security which is involved, should that be a criterion if the House has not taken the action which is its prerogative, that is, to resolve to sit in camera? Are members of the press, reporting on the comments of members, to be liable to prosecution because they did not, at the proper time, suddenly begin to act as if they were attending an in camera session at which their normal rights had suddenly vanished? To combine the points of fair reporting and the role of the press I would cite another quotation from May, the same edition, at page 81:

There is a distinction between the absolute privilege of members speaking in the House, or in any committee of the House, and the qualified privilege of a publisher reporting words spoken; in the latter case publication of parliamentary proceedings is protected, not specifically by privilege of parliament, but on the analogy of the publication of proceedings in courts of justice.

A specific case is cited, the conclusion being:

A fair and faithful report of the whole debate would therefore not be actionable.

I therefore submit, Mr. Speaker, that: first, the judgment by Mr. Justice Evans, in its comments upon parliamentary privilege are not in accordance with interpretations in this House on privilege as it relates to the relationship between members and the press. Second, the judgment is a clear and present source of intimidation to press gallery members which would prevent them from fairly and accurately reporting House proceedings. That is of vital concern to this House, as Your Honour has said. Third, the judgment usurps from the House the responsibility of determining itself when its proceedings are to be secretive and in-camera. Fourth, the judgment makes an addition to the body of legal precedent on the question of privilege which the House must challenge as soon as possible because it violates the right of the House to determine the extent of privilege.

I think, Mr. Speaker, that a committee of the House must look at this question as soon as possible. As I have said, there is no doubt that Mr. Justice Evans is entitled to rule as he did in keeping with judicial practice—and if we could, we would not want to call him as a witness. But we must act, as well, to protect the privileges of members. Because of the general, rather than the specific nature of the implied intimidation, you may consider it a matter for the Standing Committee on Rights and Immunities of Members. I believe the question is an urgent one, and I would move, if Your Honour finds a prima facie case of privilege:

That the portions of the judgment of Chief Justice Evans of the Supreme Court of Ontario, given November 9, 1977, which appear to restrict the right of members of parliament to full and accurate reporting in the press, be referred to the Standing Committee on Privileges and Elections.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the hon. House leader of the opposition raised this matter two days ago. At that time I indicated that, like him, I had not had a chance to study the judgment very carefully and wanted to reserve my right to say something on the subject. I did not know that this matter was being raised today and, therefore, I have not completed my study of the Chief Justice's judgment as I would like to do. There are a couple of things I should like to say first. There is nothing substantial that the hon. member for Grenville-Carleton has said with which I at this point would want to take exception, but I would ask that this motion not be put right now until the House leader on our side has had an opportunity of considering the remarks of today and the motion.

● (1512)

There is, undoubtedly, some confusion caused by the judgment, as there was, of course, on the question of whether the uranium information regulations affected the rights and privileges of members of parliament in so far as debates are concerned, or whether members' rights to consult legal advice was involved. Counsel for both the applicant and myself agreed on that position in court and, as I understand it, the judge clearly found the regulation to be subordinate to the privileges and immunities of members of parliament. There is the matter of the effect on publication raised by the hon. member. I understand there is an action arising from some comment made after the judgment was rendered as to the effect on publication.

It is quite clear, and certainly my understanding, Mr. Speaker, that questions on the publication and reproduction of *Hansard* are matters for the House and the Speaker, and it is up to the Speaker and the House to determine those matters and to determine that the practice has been that there is no bar to such publication or reproduction of *Hansard*. Therefore,

I am not entirely clear whether we actually need to examine this question.

I think there is probably agreement among us all as to what those privileges and immunities contain, as well as to publication, but I would ask that the House leader on our side should have an opportunity of considering the remarks made today and whether we are in agreement with the motion of the hon. member. As I say, I did not know that this matter was being raised today. I should like to consider the question, and I might advise you, Mr. Speaker, and the House, that it might be advisable for the Speaker to take action by way of appealing that particular part of the judgment. I would really like an opportunity to consider those questions.

Mr. Speaker: Order, please. I will hear those hon. members who indicate their willingness to discuss this matter at this time. I certainly would have no difficulty in holding the matter over in order to permit a prepared intervention by the Minister of Justice or, alternatively, the House leader or his nominee in this matter. At the moment, I will hear those members who are prepared to speak to the matter brought forward.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I, too, was unaware that this matter was coming forward today. I read that judgment with amazement, and it is difficult to understand that this judgment would have been delivered. As far as the interference with the rights of members of parliament contained therein is concerned, those rights are not determined in the courts: those rights are determined in the House of Commons and are not subject to interpretation by any court outside the supreme court of parliament.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: When I first heard the judgment and what was stated there and in the press, it was impossible for me to believe it was in accordance with what had actually taken place. In so far as a great portion of that judgment is concerned, it is in no way binding on anyone, certainly not on any superior court. It consists of observations which you, Mr. Speaker, as a lawyer, and lawyers generally, recognize to be what is known as obiter dicta.

The judge proceeded to give a judgment regarding a lot of extraneous matter, making up 54 pages or so. I read it instead of following the usual course of measuring that kind of thing and, having done that, I concluded that measuring it would have been the most successful course I could have followed. There is one matter I should like to have the opportunity of pointing out. I am impressed by what the Minister of Justice has said. I think his observations were very pertinent and very reasonable.

An hon. Member: But!

Mr. Diefenbaker: But, I must point out that this judge, newly elevated to the height of Chief Justice of Ontario, refused to allow the representations of the Civil Liberties Organization of Canada as to whether the Bill of Rights applied. That, to say the least, did not receive my full approbation. The Bill of Rights should have been considered. It provided, and provides, freedom of the press for the first time under legislation in this country. The civil liberties association should have been permitted to make its representations, and the fact that that course was not permitted would indicate the judge was unaware of the provision of the Bill of Rights.

In so far as parliament is concerned, I repeat what I said earlier: the courts have no right to interpret what the rights of this institution are or how they shall be determined. That type of action was acceptable in the days of Judge Jefferies, but not in 1977. Adjourning this matter for further consideration is a wise idea. I hope this parliament will announce that we do not intend to have our ancestral privileges and rights abrogated under obiter dicta by the Chief Justice of Ontario who denied any possibility of representations being made in connection with the Bill of Rights. I speak as one who is a member of the bar of this province when I say that—and as a member of three other bars across Canada—I cannot understand the reason he chose to endeavour to interfere with those rights, apparently unaware of the fact that what takes place here today is broadcast across the nation. This could cause a multitude of things to keep a judge in this country busy on worth-while things for a very long time to come.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, one of the difficulties about this debate is that we are all on the same side. I am sure that even after the government House leader has participated and we have, perhaps, had a further intervention by the Minister of Justice, it will still be the position of hon. members of this House that our freedom of speech in this place cannot be curtailed from the outside, and that the people of Canada have the undoubted right to know what goes on in this place.

The right hon. member for Prince Albert pressed the point that no judge could limit our freedom of speech. I think, in all fairness to Mr. Justice Evans, that he has made no suggestion that we should be limited in our discussions in this House about the uranium cartel question or any other. However, in my view where he overstepped the line was when he suggested we could not convey to our constituents things we had learned in this House, and that members of the media must be careful about reporting what goes on in the House. I find that almost ridiculous, even though it comes from such a learned person as a Chief Justice. As other hon. members have pointed out, what goes in this House is printed verbatim in *Hansard* in two languages, and *Hansard* is published in 15,000 or more copies per day and sent all over the country and the world.

● (1522)

How any judge can say we cannot convey to our constituents what we have said or learned in this place is beyond me. Is he trying to say to me that on a day when there has been a discussion on the uranium cartel in this House, I cannot sent *Hansard* to my constituents?

An hon. Member: What about TV?

Mr. Knowles (Winnipeg North Centre): Is he saying to this House that if the hon. member for York-Simcoe gets up and starts to talk about the uranium cartel, the cameras over there must be turned off.

An hon. Member: Or turn him off.

Mr. Knowles (Winnipeg North Centre): It is just about that ridiculous.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Let me say, Mr. Speaker, even though I take that position very strongly, that I have done some reading in this area and that there are citations in the book even on page 80 which the hon. member for Grenville-Carleton read from. That must confuse the learned judge. Even though sentences in May and in other books dealing with the matter seem to confuse, I think they make the position clear if you read them closely. May says although there is the unquestioned right that the papers and the documents of this House can be made public and distributed, and although there is the unquestioned right of the press and other media—even if I am adding that phrase—to report fairly and honestly what goes on here, there are still certain limitations which members must face.

For example, if a member of this House makes a speech which includes libel of a citizen outside the House, he can make that speech in the House, and I think it is still fairly clear that the press can report the speech that was made. But May says that if the member reprints that speech and publishes it by itself, particularly if he publishes it by itself rather than as part of the whole debate, and distributes it outside the House, he must face the fact that an action could be taken against him for libel. He can say it in the House, and there can be no libel charge against him. If he publishes outside what he has said here, there is the possibility of a libel action being taken against him.

This is part of the confusing law we have. But today we are not dealing with a case of members making statements that seem to be libellous: we are dealing with an order in council passed by the government which says we must not discuss a certain subject. This is a subject declared by the government to be forbidden. I suggest that is a totally different thing. If speeches are made on that subject, *Hansard* is circulated or the newspapers report it—and who is offended? Who is going to lay a charge? Who is going to prosecute? It will be the government which passed the order in council.

You can see the kind of Pandora's box which the learned judge has opened up. He has suggested to the government that its order in council was valid—some of us do not think so, but the judge says it is. He now says not only is that order in council valid, but if members debate the issue in the House and then report it outside, the government can take the members to court, not for what they said in here but what they published outside. Well, this government does some ridiculous things, but I cannot imagine it would do that.

An hon. Member: You do not know this Minister of Justice.

Mr. Knowles (Winnipeg North Centre): It is a totally different category from the libellous things, the defamation of character that might be uttered in this House which lead May and other authorities to warn members there are some things about which we should be careful. In terms of discussing a policy of the government, particularly this whole area of the uranium cartel, I do not think the judge did all the homework that he should have done. First of all, I think his judgment, that the order in council was valid, is questionable. Even on that basis, he has gone on to say it is still within the privilege of parliament to discuss the matter here. Well, if it is all right to discuss it, and if that discussion does not involve defaming the characters of individuals out there but involves offending the sensitivities of the government that did not want its policy to be talked about, I see no reason why there should be any limitation on the fair reporting of what took place in parliament.

These things are pretty basic: they go back for centuries—the right of the country to know what is going on. It is not enough for us to have free speech in parliament. If the country does not know, it does not have full access to what is going on here. That would not be in tune with the whole democratic process. I do not think the learned judge was as learned as we call him when he made this pronouncement. I hope that when this discussion ends, whether tomorrow or some other day, there will be a clear ruling from the Chair or an agreement to refer the matter to a committee so that the House can make a decision.

I think it important that we affirm our right to freedom of discussion in this House of Commons and that we affirm the freedom of the press and the media to report to the country what is going on here. So, Mr. Speaker, I commend the hon. member for Grenville-Carleton on raising this issue today. I hope that by the time the discussion is over, the apparent unanimity that is already here will be solid and complete.

Mr. Sinclair Stevens (York-Simcoe): I would like to make a few brief comments on the question raised by my colleague, the hon. member for Grenville-Carleton partly in response to two of the suggestions put forth by the Minister of Justice. As I understood the Minister of Justice, he said, first of all, that in effect he did not know there was too much urgency with respect to a ruling on the question raised by my colleague. He had asked for some time so that his House leader could review the situation with a view to making a fuller statement at a later date. He raised the question that perhaps a ruling is not needed in any event.

Speaking first on the question, I think there is a very high degree of urgency. If we read the full judgment of Chief Justice Evans, I agree with my colleague, the right hon. member for Prince Albert, that much of what was said was probably obiter dicta. He has put us in a very awkward position. The Chief Justice makes it very clear that while we have certain privileges as members of parliament, those privileges clearly do not extend to the general public with respect to anybody in that class who has first-hand knowledge of what transpired within the cartel and the activities between January

1, 1972, and December 31, 1975, involving uranium production in Canada.

The type of person that is caught there, clearly not only under the first regulation but also under the newly amended regulation—which is presumably still a valid regulation—is a governmental official who has had some hand in the formation and operation of the cartel during those years I have referred to. I refer to those that are members still, or who were at that time members of the various producing companies active in the uranium industry, and who have some hand in uranium cartel activities.

● (1532)

The reason it is rather urgent that we get an interpretation as to our privilege is that we have some first-hand knowledge from some of those people who are still covered by the amended "gag" regulation that we would like to reveal, not only to this House but to the Canadian public generally. The unfortunate thing that has now arisen is that if we offer that information in the House, clearly our privilege, according to the Chief Justice is guaranteed, if you like—he does not question that within the House—but he makes it very clear and says the privilege stops at the press.

I am in this odd position. I have some danger in going to an official either within a producing company or within the government and seeking the information that some have indicated they are willing to give us. That might be aiding and abetting that person breaking the regulation as amended. I emphasize that. Second, when I get that fresh information and I offer it in the House—and I think the hon. member for Winnipeg North Centre touched on this—unless I alert the tv cameras and those who might be listening that I am about to reveal certain information that the Chief Justice indicates I have the right to reveal, but the press does not have the right to communicate, there is going to be an offence committed. We would be in a rather awkward position. Presumably, I have to give Your Honour an indication that I am going to reveal information. Your Honour could call for a black-out or something like that in case there is some offence. That is the rather ridiculous position we are in.

The Minister of Justice indicates that he is not sure whether a ruling is needed. I would emphasize that a ruling is needed very quickly. Contrary to what the minister has conveyed, the Chief Justice deals very specifically with what he regards to be the rules within the House of Commons. He cites various precedents; he goes into that; he does not stop simply with a judicial interpretation. But perhaps the confusion comes up at page 42 of his judgment. If I may, I would like to quote his words:

> Following the authorities set out above, I have come to the conclusion that a member of parliament may utilize information proscribed by reg. 76-644 in parliament and may release that information to the media. However, I hold that the privilege of the member cannot be extended to protect the media if they choose to release the information to the public. Nor do I consider that the "real" and "essential" functions of a member include a duty or right to release information to constituents. The cases indicate that the privilege is finite and I would not be justified in extending the privilege to cover information released to constituents.

[Mr. Stevens.]

What the judge is apparently relying on is a House of Commons decision in England of a special committee that was set up there in 1938-39 entitled "a select committee on the Official Secrets Act". He refers extensively to comments made in that committee which were subsequently adopted by the House in England and presumably are now part of the privileges as defined in the House in England.

Where the confusion seems to have arisen is that the Chief Justice has likened the "gag" regulation, with which we are now dealing, with something that might fall under the Official Secrets Act. He is, in effect, saying that if they are one and the same, the limit to privilege under the Official Secrets Act of England would presumably apply to members of the House of Commons in Canada. With all due respect to His Lordship, I do not feel that is a fair comparison—in, there is nothing about this "gag" regulation that can be looked upon as an official secrets type of activity. In short, it is simply a gag on those who have first-hand knowledge with regard to what transpired in the production, distribution and sale of uranium between the years that I have indicated. In fact, members of the government have often tried to tell us that there was nothing secret about what happened.

We are in the awkward position where the government by order in council has said it is an offence to reveal anything, certainly of a first-hand nature. With regard to what transpired touching on this subject within those years, we have the Chief Justice indicating that our privilege does not extend beyond this House in the sense that we cannot communicate with our constituents or the press on their own if they want to release this information. We need an early indication of what, in fact, is the privilege we enjoy in this House and to what extent it extends to other members of the Canadian public.

Mr. Speaker: Order, please. The Minister of Justice (Mr. Basford) has already made an intervention. I do not know if he is seeking the floor on a point of order or for clarification.

Mr. Basford: Mr. Speaker, I was hoping to move on. I want to raise a question of privilege on my own. However, with regard to the last intervention I just want to say, as the House knows, that the President of the Privy Council has been very seriously ill for some time. I would at least like some time to be able to consult with him before a decision is taken on this matter.

Mr. Speaker: The hon. member for Grenville-Carleton gave notice earlier in the week, supported by the Minister of Justice, that the matter ought to be raised in a preliminary indication of the contents of the judgment by the Chief Justice of the Supreme Court. Upon the request of the Minister of Justice today to consider the matter before making an intervention, I am certainly prepared to accede to that, provided any further intervention on the part of the government is made as quickly as possible. We would certainly be looking for that advice at the earliest possible moment. It is, therefore, appropriate that I should reserve on the matter pending the further intervention, and take some careful consideration of the judg-

ment itself and of the arguments which are all very valuable in attempting to come to a decision on this important subject.

There is one thing that is very clear. There is no doubt in my mind that the privileges, rights and immunities of members of this House are in the first place to be decided by this House and not by any other body.

Some hon. Members: Hear, hear!

Mr. Speaker: The second is that there is, as I indicated in previous discussion on this order in council as it might affect members of the House of Commons, a very real danger in anybody, including this House, attempting to deal with matters of privilege in the abstract or in theory. That is a danger we have to recognize. In this instance, and as it has been since this matter was first raised, it is very difficult to deal with potential difficulties that may arise. However, that may have happened in the House. We may be faced with something we will have to take into consideration in a different way. It seems to me always preferable to assume that a member has the rights, privileges and immunities that have always surrounded a member until such time as a member finds himself unable to function and brings before this House the interference with his ability to function for consideration on a question of privilege. That is the most direct way to deal with it.

However, the matter has taken on other dimensions and the Minister of Justice has asked for time to consider an intervention. Therefore, I will hold the matter over until that intervention is made.

Mr. Basford: Mr. Speaker, I indicated earlier that I wanted to raise what has become, under our practice, a question of privilege. It is probably more correctly a point of order. It arises from a speech made in the House yesterday by the hon. member for Calgary North and words that he used in that speech. On Monday last Your Honour made a ruling on a question of privilege raised by the hon. member for Peace River—a ruling against the Prime Minister for certain words that he had used in this House.

At that time Your Honour said that you were ruling in the interests of protecting the dignity of parliament and that you were being diligent in that respect. Obviously, that is a matter of concern to you, that the dignity and decorum of the House of Commons be preserved. It is a task for which you have our full support in endeavouring to achieve. Especially now, with television in the House, it is important that we re-examine, if need be, the rules relating to conduct, behaviour and parliamentary language. I know, having been talking to the public outside, that people have been watching television and that they have been very concerned and upset to see and hear daily the unfounded innuendoes, slurs and allegations directed against Ministers of the Crown by members opposite.

• (1542)

Some hon. Members: Oh, oh!

Mr. Basford: In the past we on this side have not generally complained, Mr. Speaker, but the hon. member for Peace River recently raised a point of order and Your Honour took the occasion to make a ruling relating to the dignity of the House with regard to which you have our complete agreement and support. I therefore feel we have, as a result of your ruling on Monday, a new basis upon which to govern ourselves in the House.

Last night the hon. member for Calgary North made a speech, and I am sure he meant no ill. But in his usual exuberance and enthusiasm he made a forceful speech in the course of which he said, as reported at page 905 of *Hansard*:

It is not ministerial responsibility we should be talking about tonight, it is ministerial irresponsibility and culpability—

Well, Mr. Speaker, culpability is defined in the *Oxford Concise Dictionary* as "criminal or blameworthy" and in *Webster's Third International* it is described as "guilty or criminal". I think, therefore, it is quite clear on the basis of your ruling on Monday and from the citation to which you referred in that ruling—citation 140 which is familiar to us all—and the example cited from paragraph 155 of Beauchesne's, that language of this kind is contrary to the citations of Beauchesne and contrary to the Standing Orders relating to debate and contrary to your ruling of Monday.

I will go on reading from the same page of *Hansard*, page 905. As reported in the same column, the hon. member said:

Because the opposition are interrogating us, and we are covering up—

He was referring to the government. Again, the words "covering-up" have connotations of interference in the administration of justice and are unparliamentary. Further on, in the next column, the hon. member is reported as saying, "That is untruthful". It was a reference to a speech I made in Vancouver, and I think reference to Beauchesne would make it clear that the expression used is unparliamentary. On page 906, the hon. member said:

This is merely a plot to take the responsibility and the heat off their own shoulders because of their irresponsibility and culpability in this matter.

I referred a few minutes ago, Mr. Speaker, to the use of the word "culpability". Again on page 906 the hon. member went on to say:

He could not have gathered a standing ovation from his audience by telling the truth.

The hon. member for Restigouche (Mr. Harquail) asked:

Are you calling him a liar?

Then the hon. member for Vancouver South (Mr. Fraser) said "Yes, he is". And he was referring to me.

Some hon. Members: Shame.

Mr. Basford: The hon. member for Vancouver South was again referring to a speech I made in Vancouver. It is unclear from the record to what part of that speech he was referring—whether it was that part of the speech which pointed out that despite the reorganization of the Conservative caucus it had been so reorganized that there was not one British Columbian member of parliament on the Conservative side who had been given a key position in the Conservative caucus. I am not sure

whether that was the part he was referring to, or whether it was the portion of the speech referring to the RCMP.

To my way of thinking, Mr. Speaker, it is very clear that both Beauchesne and your own ruling on Monday show that to refer to people in this House as lying or as liars is unparliamentary. I can quote more examples. On page 907 the hon. member from Calgary North accuses us of blackmail and says the security services have been blackmailed by this government. That is clearly an allegation of criminal wrongdoing and is contrary to the rules laid down in Beauchesne.

Mr. Chrétien: Terrible!

Mr. Basford: Again, on page 907, the hon. member said of me:

I said that when they threw pumpkin pie I hoped the seeds of the pumpkin would be as hard as rocks—

Some hon. Members: Oh, oh!

Mr. Basford: I am not complaining about that, but it seems to me that for the hon. member for Calgary North to associate himself and align himself with crackpots in our society who throw pies is just a little disappointing. I will not, however, ask him to withdraw that. The hon. member then went on to say:

—when the minister made this, in my view, untruthful attack on the opposition—

Obviously, that is an allegation of lying which is clearly unparliamentary.

Mr. Chrétien: Withdraw.

Mr. Basford: I am sure the hon. member was speaking with his usual verve and enthusiasm and did not really mean to use such unparliamentary language. Mr. Speaker, in line with your ruling of Monday in which you endeavoured to set out how we in this House should behave with dignity and decorum—an effort which we on this side endeavour to make—I would ask that the hon. member for Calgary North and the hon. member for Vancouver South withdraw those remarks which I have cited and withdraw them in a large and liberal way, as required by citation 141.

Some hon. Members: Hear, hear!

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I am rather amused, to say the least. I would, however, just point out that when the Minister of Justice was in the House he delivered quite an attack on the opposition. I find it rather interesting that he would take objection to what I said later. I feel I was making what amounts to fair political comment. Nothing in my remarks makes me feel otherwise. Last night when I spoke—and a fellow needs to have fairly good lungs sometimes—the hon. member for Restigouche spoke louder than I did all the time I was speaking. I would hope that now the minister has raised what he thinks is, maybe, a joke, when he means to be serious, I have to answer him seriously. These are the minister's words as reported at page 894:

[Mr. Basford.]

That has been said by the Prime Minister and other ministers in the House and for the minister to suggest in his speech today to the contrary simply reinforces by thesis that today's debate and this resolution are nothing more than a crass, transparent device to manipulate public opinion.

Mr. Chrétien: That is not illegal, though. That is not against the rules.

Mr. Knowles (Winnipeg North Centre): It is the same sort of thing.

Mr. Woolliams: If the hon. gentleman would be silent for a few moments, I would read from Beauchesne, citation 132. The minister has been in the House and has made his speech. I do not think I would be breaking a confidence if I said I met the hon. gentleman and he said, "I understand you'll be speaking. I hope you don't mind, but I have a dinner engagement." I shall not go into that further. He knew I would be speaking. I had my speech prepared. It was not made off the cuff; it was written out. I delivered it with all the ability at my command. But the proper time for interference is when the offensive expressions are uttered, and not afterward—and I am not saying they were offensive. It may take place either on the Speaker's voluntary motion or a call to order of a member assailed, or some other member or a general call of the House. The speaker feels more strongly his duty to interpose such language as seems unparliamentary with regard to the absent member.

To be fair, Mr. Speaker, there was a large number of Liberal members in the House when I delivered that speech. Any one of them could have risen if it was thought that the language was unparliamentary. But no one saw fit to do so. I want, now, to deal with what I am really saying. Surely my remarks were fair comment. You pretty well have to read the whole thing. What I was saying was this:

What we are saying is this, that surely there would be no accountability at all if we are to believe the ministers, which I do not accept. They have never had any accountability. It is not a day to day job. They have not done it from week to week or month to month or year to year for eight years. There has been an absence of any accountability or any responsibility.

● (1552)

In the absence of accounting, I say that the minister or ministers were negligent. You are a lawyer, sir, and will appreciate that when dealing with the word "negligence" in the vehicles act it has a different meaning. I can quote a case in which the Supreme Court of Canada defined negligence in that sense as something greater than ordinary negligence, as having some culpable or blameworthy weight. I do not refer to culpability in the criminal sense of a voluntary statement; I am talking about the minister being called negligent in not giving some accounting for the security of the nation. I am not going to say anything more about that.

When I talk about covering up, Mr. Speaker, I do not think anyone could sit in the House for 19 years, as I have, and not say that there has not been some covering up, to use layman's language, on both sides of this House from time to time. I am sure that when we formed the government, our ministers—I do not mean this in the criminal sense—may not always have told

everything. However, I have been listening to ministers opposite since 1968, and when I use the phrase "cover-up" in connection with them I do not mean covering up some criminal activity, as Richard Nixon did, but a cover-up in layman's terms. I just cannot believe that this "cry baby" can be so sensitive at this time.

I come now to the next point. The Minister of Justice has charged us with suggesting that the police workday should be monitored from day to day. I say that is utter nonsense. I am not saying that the minister lied, but it is untrue. If I had said that he had deliberately made a statement to falsify facts in this House, then I would not be standing where I am, I would withdraw.

I come to the next statement, that there is merely a plot. Well, Mr. Speaker, if you believe that there have not been plots in the Liberal caucus against this poor old party ever since confederation, then I am not Eldon Woolliams from Calgary North. There have been plots and plots. I am not talking about a criminal conspiracy or some illegal plot, but an ordinary plot. The Liberals often make plots.

Mr. Fraser: In fact, they leave them behind them.

Mr. Woolliams: I am sure that if they ever hid a wire recorder in our caucus room they would sometimes hear about plots. Perhaps we do not plot as well as they do, Mr. Speaker, but we plot. I am telling you honestly that we plot.

We now come to the fifth objection. This was when the noise in the House became so loud that you could not hear yourself think, let alone speak. This has to do with the hon. member for Restigouche. I do not know what happened to him, Mr. Speaker, or what he had for dinner, whether it was mustard on steak, but something upset his digestion, to say the least. He was yelling at me when I said that the minister could not have gathered a standing ovation from his audience by telling the truth but that the one thing the minister did accomplish was to get a pie in the face.

I said that perhaps a little facetiously, Mr. Speaker. I thought it rather funny, having come back from Calgary on an aircraft, when I saw the Minister of Justice wiping the cream from the pie out of his eyeballs. You could not help but think that funny, Mr. Speaker. I always get along with the Minister of Justice and he would be the first to say so. I was not trying to be cruel, unkind or bitter; I just wanted to have a little humour with him.

Mr. Speaker: Order, please. I think the hon. member enjoyed many opportunities for that last evening, and it looks like he is getting a second run. I want simply to intervene at this point to say that both members have had an opportunity to raise this matter. I think we ought to pay careful attention to the general principle here in accordance with the ruling that I made earlier in the week, namely, that no allegation of law-breaking or of illegality, can be made by one side against the other side in this House. I think that is consistent with the principle of the judgment I made.

The expression referred to by the Minister of Justice can, I suppose, in some contexts have that effect, but I would not want to eliminate that for all time. However, the hon. member has already referred to the main point of culpability, cover-up and matters that might be untruthful; but those words do not seem to carry with them any suggestion of illegality in the context in which they were used.

The other point which gave me some doubt in the minister's argument was the question of blackmail, which at best is a slang term, one which cannot be taken from the annals of the Criminal Code. In the context which was used by the hon. member for Calgary North I do not see any allegation of direct illegality. However, I would ask all hon. members to be vigilant that we do not relax this practice of prohibiting allegations of direct illegality by one member against another.

I think this matter has been thoroughly discussed by both sides. Both members have had an opportunity to contribute to it, and I think we ought to move on to another question.

MR. CROSBIE—REMARKS OF MR. M. DIONNE

Mr. Crosbie: Mr. Speaker, I rise on a question of privilege. I do not want to keep Your Honour long, but I want to refer to a matter which came up last night, as reported at page 914 of *Hansard*, having to do with remarks made by the hon. member for Northumberland-Miramichi. As recorded at page 914, the hon. member said:

> We have heard repeatedly today that there is no effort on the part of the opposition to condemn the RCMP. They say they support the RCMP. Let us look at the record. I refer to a speech made on October 31 by the hon. member for St. John's West (Mr. Crosbie). He said as reported at page 496 of *Hansard*:
>
> "—I say the RCMP have to be brought to heel."
>
> That is not a condemnation by the RCMP in their terms! They will bring in another apologist to try to eradicate that statement.

That is a misrepresentation, Mr. Speaker, of what I said on October 31. I refer Your Honour to *Hansard* of that date. As reported at page 496, I said this—and compare it with the previous quotation:

> I have no fetish about the RCMP, and if members of the RCMP are going about Canada committing illegal acts in the manner we have evidence they have done in three or four instances, then I say the RCMP have to be brought to heel.

The deliberate partial quotation made by the hon. gentleman is a complete misrepresentation of what I said, Mr. Speaker. May I refer Your Honour to page 130 of Beauchesne's fourth edition, where halfway down the page it says that the misrepresentation of the language of another is unparliamentary. This is a misrepresentation of my language. The hon. member took part of a sentence only, and there is a great difference between the two statements, one being "I say the RCMP has to be brought to heel", the other being:

> I have no fetish about the RCMP, and if members of the RCMP are going about Canada committing illegal acts in the manner we have evidence they have done in three or four instances, then I say the RCMP have to be brought to heel.

I do not think an hon. member should be allowed to take partial quotes of another member and twist the meaning. I submit that that is a breach of the privilege of that hon.

member, and I should like the hon. member for Northumberland-Miramichi either to withdraw or to correct his quotation.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I would commence my remarks by briefly quoting Shakespeare; "Methinks he doth protest too much".

Mr. Knowles (Winnipeg North Centre): You should tell that to the Minister of Justice.

Mr. Dionne (Northumberland-Miramichi): I referred to several quotes of the hon. member, but before going back to them I might refer to what the hon. member for Calgary North just cited—

Mr. Speaker: Order. The hon. member for St. John's West has raised a point of privilege which I do not propose to deal with at great length. The hon. member for St. John's West raised the point that the quotation ought at least to be in sufficient context to set it. There is no requirement upon a member to do that so long as he is using language used by the hon. member, in this case the hon. member for St. John's West. I am interested in knowing whether or not the hon. member is prepared to include a reference to a more expanded quote. However, I do not think the matter should be debated at great length.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I wanted to cite the same citation as that cited some time ago, namely, that the proper time to raise such an objection is when the offence is committed. I could have also quoted the succeeding statement of the hon. member for St. John's West, which I believe makes it even worse:

● (1602)

They have to be brought to heel, and their political masters who encouraged them, or who are hiding them, or who directed them or who condoned those acts, have to be brought to heel also.

On November 8, 1977, the Prime Minister used that same quotation in a question of privilege which he raised. At that time the hon. member did not raise a question of privilege, and in my opinion the hon. member has no question of privilege.

Mr. Speaker: Perhaps the hon. member for St. John's West had a point of order or some other argument when the matter was discussed during the course of debate last evening. Whether he has a point of order now seems to be in some grave doubt, certainly as a question of privilege. However, the hon. member for St. John's West has already had an opportunity to correct the record in so far as his expanded quotation is concerned, and to set it in context. Under the circumstances, that seems to be fair.

[Mr. Crosbie.]

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, questions Nos. 181, 218, 229, 263, 272, 321, 379, 380, 382, 383 and 384 will be answered today.

I ask, Mr. Speaker, that the other questions be allowed to stand.

Mr. Speaker: Are the other questions allowed to stand?

Some hon. Members: Agreed.

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO CANADA DEPOSIT INSURANCE CORPORATION

Question No. 181—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canada Deposit Insurance Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. Nil.

2. (a) Nil; (b) Nil.

NUMBER OF PERSONS UNDER CONTRACT TO FARM CREDIT CORPORATION

Question No. 218—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Farm Credit Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. E. F. Whelan (Minister of Agriculture): 1. None.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO MUNICIPAL DEVELOPMENT AND LOAN BOARD

Question No. 229—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Municipal Development and Loan Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. Nil.

2. (a) Nil; (b) Nil.

PRIVATE EMPLOYMENT AGENCIES

Question No. 263—**Mr. McKenzie:**

1. Has the Agricultural Stabilization Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Agricultural Stabilization Board in (i) 1975 (ii) 1976?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Agricultural Stabilization Board is concerned, the answer is: 1. (a) (i) to (x) nil; (b) (i) to (iv) nil, (v) one, (vi) to (x) nil.

2. Main Estimates.

3. (a) Ontario, $7.10. (b) Hourly rates paid by employment agencies to their employees are not known to the Department. (c) (i) nil; (ii) $426.

CANADA DEPOSIT INSURANCE CORPORATION—EMPLOYEES OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 272—**Mr. McKenzie:**

1. Has the Canada Deposit Insurance Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canada Deposit Insurance Corporation in (i) 1975 (ii) 1976?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. Nil.

2. Not applicable.

3. Not applicable.

MUNICIPAL DEVELOPMENT AND LOAN BOARD—EMPLOYEES OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 321—**Mr. McKenzie:**

1. Has the Municipal Development and Loan Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Municipal Development and Loan Board in (i) 1975 (ii) 1976?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. Nil.

2. Not applicable.

3. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO AGRICULTURAL PRODUCTS BOARD

Question No. 379—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Agricultural Products Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. E. F. Whelan (Minister of Agriculture): 1. None.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO NATIONAL FARM PRODUCTS MARKETING COUNCIL

Question No. 380—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Farm Products Marketing Council and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. E. F. Whelan (Minister of Agriculture): 1. None.

2. Not applicable.

CANADIAN CONSUMER COUNCIL

Question No. 382—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Consumer Council and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. Nil.

2. Nil.

PATENT APPEAL BOARD

Question No. 383—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Patent Appeal Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. Nil.

2. Nil.

COPYRIGHT APPEAL BOARD

Question No. 384—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Copyright Appeal Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Income Tax

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. Nil.

2. Nil.

* * *

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notice of motion for the production of papers No. 54 is acceptable to the government.

I ask that all remaining notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Are the other notices for motions allowed to stand?

Some hon. Members: Agreed.

COPY OF STUDIES REFERRED TO BY POSTMASTER GENERAL

Motion No. 54—**Mr. Dinsdale:**

That an Order of the House do issue for a copy of the studies referred to by the Postmaster General at page 6530 of the House of Commons *Debates* of June 10, 1977, in his reply to questions raised by the hon. member for Don Valley.

Motion agreed to.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Monday, November 14, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in speaking to this bill I want to say that I certainly do not support it. I do not support any legislation which will give this government the power to borrow up to $9 billion, because I do not think the government is fit or competent to spend $1, much less $9 billion. If hon. members opposite do not object, I should like to point out that the government brought the economy of Canada to heel. It brought the economy to a standstill and has given it a fearsome dart in the last five or six years. It mismanaged the economy of this country, which imperiled our lives. We are on the same slippery slope which the United Kingdom travelled after the war. The U.K. had much more reason to do that than we have: we have no reason to be on that slippery slope at all, except the mismanagement of our economy. The government has brought in this legislation which contains critical measures to stimulate the economy and get us going again. There is nothing in this legislation which will stimulate the Canadian economy and get it going again. In fact, it is far from it.

Our general economic position is a desperate one. There are no signs of progress. The Economic Council of Canada has given us the picture. Soon it will be abolished because it has given truthful opinions about the record of the government. In its annual review the Economic Council of Canada pointed out that we face a resurgence in inflation. The fact that the cost of living went up by 1 per cent to an 8.8 per cent annual rate in September and October confirms what the Economic Council of Canada has indicated.

The Council also foresaw heavy unemployment continuing and growing worse, failing businesses, failing consumer confidence and large government debts. Surely this bill is proof of large government debts. The government wants us to authorize the borrowing of another $9 billion. That would be another $9 billion for this group of spendthrifts to misappropriate, with large current account deficits stretching into the years ahead.

The deficit balance in our balance of international payments will exceed $4 billion this year. Yesterday, in St. John's, a newspaper columnist said that the Prime Minister (Mr. Trudeau) should wear a wreath in his buttonhole—not a rose—when he comes to Newfoundland next week. That columnist is dead-on. The Prime Minister should go to Newfoundland in mourning for the unemployed. At the present moment we have 29,000 unemployed in Newfoundland.

Dealing with unemployment, at the present time it is 11.4 per cent in Quebec; 17.4 per cent in Newfoundland; 14.6 per cent in New Brunswick; 10.7 per cent in Nova Scotia, and 11.2 per cent in Prince Edward Island. The average in the Atlantic provinces is 13.5 per cent. The youth unemployment rate in Newfoundland is 24.9 per cent. The percentage of the labour force looking for work and still unemployed for three months in Newfoundland is 43 per cent. The Prime Minister should go to Newfoundland in black; he should go with a wreath in his buttonhole and dressed in black, accompanied by the Minister of Finance (Mr. Chrétien).

Some hon. Members: Hear, hear!

Mr. Crosbie: The other day the Minister of Finance said with great pride in this chamber that the increased employment this year was 257,000. He was trying to fool the television audience.

Mr. Chrétien: The figure was 292,000.

Mr. Crosbie: All right, 292,000. The figure I have for the increase in the labour force this year is 365,000, but it is probably more than that. We are all aware of the fact that every year more people will be employed as long as our population continues to grow. The increase in the labour force is outrunning the increase in the number of jobs created. What good is there in the Minister of Finance flapping his wings and indicating that the number of employed people has increased?

In Newfoundland it has not increased. The job creation in Newfoundland was minus 4,000 last month, while the labour force growth was 2,000—for another 6,000 unemployed. The sorry record of this government goes on and on.

The government should voluntarily resign and get out of power in order to let someone else attempt to do something for the economy that it has ruined. Cabinet ministers are like whirling dervishes. Mr. Speaker, have you ever seen a whirling dervish? I saw them once in the Egyptian Sudan. They stand in one spot and they whirl, whirl and whirl. They keep whirling, whirling and whirling for a long, long time. That is what is happening to cabinet ministers. Canada has had three ministers of finance in the last four years—whirling dervishes! Mr. Turner whirled like a dervish out of the House of Commons. The hon. member for Rosedale (Mr. Macdonald) whirled like a dervish out of the House of Commons. My prophecy is that the present Minister of Finance will whirl like a dervish out of the House of Commons in the next year or two when the election comes.

Some hon. Members: Hear, hear!

Mr. Crosbie: The "Shawinigan saviour" will not save his deposit next year when the electorate has a chance to get at him, even with the partial treatment which has been given to businesses and industries in his district. What are our financial, business and economic ministers doing about this tragic situation? What the Minister of Finance is doing is before us in this bill. What is the Minister of Industry, Trade and Commerce (Mr. Horner) doing about this situation? Well, the Minister of Industry, Trade and Commerce is doing everything under the sun but doing his job. He should get down to trying to produce some solutions. The Minister of Industry, Trade and Commerce is blaming Canada's present condition on everyone but himself and the government. Members might agree that the Minister of Industry, Trade and Commerce is only responsible to some extent because he has been in that portfolio for only six months.

Mr. Munro (Esquimalt-Saanich): He has not had the time to muck it up.

Mr. Crosbie: He has not had the time to really do a job, so we will not blame him too much. The minister is blaming everyone under the sun. I should like to refer to *Hansard* of November 9, 1977, page 757, which indicates that the hon. member for Crowfoot will have a lot of "crowfoot" to eat after the election next year. In fact, he will have lots of time to eat it. The hon. member for Crowfoot blames everyone but the government for Canada's present economic situation.

• (1612)

As hon. members in this chamber realize that the difficult economic times we have in Canada are not caused by the government and they have no relationship to the government? I quote the minister as follows:

> We are having these problems partially as a result of the maturing of Third World countries.

We have to blame the poor Third World countries for the mess our economy is in, according to the Minister of Industry, Trade and Commerce. Further on the same page the minister is recorded as saying the following:

> This high inflationary period was certainly not the fault of this government or the result of its policies.

Six months ago he was saying every day that it was the fault of this government and the result of its policies; but now because he is on the other side of the House it is not the fault of this government. What does the minister think about unemployment? There is not a heavy, high unemployment rate in the minister's own district out in Alberta. Because of the good PC government in Alberta there is almost full employment there. They are begging people to take jobs out there, so the minister does not have to worry about unemployment.

However, as recorded at page 759 of *Hansard*, the minister was talking about Cape Breton where unemployment is as bad, if not worse, than it is in Newfoundland. I think the rate in Cape Breton is in excess of 30 per cent. People there have been subject to the unemployment tragedy for at least 15 or 20 years, and the history of unemployment goes back even further than that. But I am talking about the latest bout of unemployment for the miners and people of Cape Breton. What sympathy does the minister display for those who are out of work on Cape Breton Island? As recorded at page 759 of *Hansard*, the minister was talking about energy and saying that we have a chance to become self-sufficient. He said:

> That should give any Canadian a great deal of hope and confidence. We are slow in developing some of our coal mines. That is one aspect which could be improved.
>
> MR. BLACKBURN: Especially in Cape Breton.
>
> MR. HORNER: Especially in Cape Breton because of the costs, and I think I should say perhaps because of the inappreciability of the Cape Bretoner for the retention of his job. That is a serious accusation.

The minister himself acknowledged that it was a serious accusation. The minister accused humble mine workers of Cape Breton of being wastrels, sluggards, job-avoiders and welfare-seekers. He said that they do not appreciate retaining their jobs; that they "inappreciate". I have not heard that word before, but it is clear what the minister meant. He meant that Cape Bretoners do not appreciate working; that they do not appreciate jobs; that they "inappreciate" them.

Mr. Munro (Esquimalt-Saanich): A "Hornerism"!

Mr. Crosbie: According to the minister, it is the fault of the Cape Breton miner that he is unemployed. I hope the President of the Privy Council (Mr. MacEachen), who also represents that area, will confirm that this is indeed the government's analysis of the situation in Cape Breton and that it is the fault of Cape Breton miners themselves that they are unemployed because they do not want jobs and that they "inappreciate" them. I hope the Minister of Industry, Trade and Commerce will have the good sense to come to this House, get down on his hands and knees before hon. members from Cape Breton and apologize for that insult to the people who live there.

Some hon. Members: Hear, hear!

Mr. Crosbie: So now we have some idea of what the Minister of Industry, Trade and Commerce thinks is the situation.

Mr. Stanfield: We "inappreciate" his remarks.

Mr. Crosbie: Our former leader, the respected hon. member for Halifax (Mr. Stanfield) says we "inappreciate" the minister's remarks. I cannot imagine another member in this House who has more to "inappreciate" about the minister than the hon. member for Halifax.

What is the minister doing in the field of industry, trade and commerce? He is going around the country making little sermons to people in various industries and telling them that our poor economic situation is their fault and that it has nothing to do with the government. I am sure some hon. members are thinking I should not be too harsh with and critical of the minister because he is not here to defend himself. I cannot help it if he is not here. He can read *Hansard*, and I hope he will reply to the points I make.

The minister gave a speech to the travel industry on October 26. The fact that there is a huge deficit on our tourism and trade account which is going to be an estimated $2 billion this year—it was more in the first half of this year than it was in the whole of last year—is not the fault of the government, according to the minister. Whose fault is it? It is the fault of the tourist industry, those dirty slobs! This is what the minister said about that industry:

> In addition to high prices the Canadian tourist industry is also earning a reputation for being unfriendly, indifferent and sometimes prone to sharp practices in its contacts with travellers.

The minister said that if the tourist industry is going to be unfriendly, indifferent and prone to sharp practices, it will certainly suffer. I say that is an apt description of this government. This government is getting a reputation for being unfriendly, indifferent and sometimes prone to sharp practices in its contact with everyone. The minister went on to tell the tourist industry:

> "Canadian, as well as foreign, visitors complain of rudeness, slack service of poor quality, quarters that could benefit from a little paint, not to mention soap and water."
>
> After laying it on the line to the industry, Mr. Horner said—

I am quoting from the *Globe and Mail*.

> —he had no specific answers to the problems other than a general and co-operative upgrading of the industry in which governments could help significantly.

Not the federal government, mind you. The minister gave a whole list of things, including the minimum wage, as reasons for the fact that we are losing our share of the tourism market. He said that the cost of travelling in Canada is too high. It is not the government's fault that that cost is too high, according to the minister. He says that it costs too much to travel here compared with the United States. He says hotel prices are too high, food prices are too high, gasoline at the pump is more expensive and that these problems are all the fault of somebody else, not the government.

He says air fares are too high and rail travel is expensive, inconvenient and uncomfortable. But really what is wrong in this whole situation is the fault of those "dirty slobs" in the tourism and travel industry in Canada! The minister says they are to blame and that they had better pull up their socks or this fearless minister is going to see to it that they wash behind their ears. That is the hon. gentleman's solution to our huge imbalance and our huge deficit on the trade account. In 1976 the travel deficit was $1.191 billion. Canadians spent more travelling outside Canada than tourists and travellers spent here.

In the first half of 1977 the deficit was $1.245 billion, more than that for the whole 12 months previous, and the greatest in our history. The minister has another solution to the whole problem, and that is ABC charters. He must have the news from the CTC that it is not going to agree to this, so he is covering himself in advance. He says this is one of the great solutions: ABC charters available in Canada. It is not what the government does, it is what the government says is important to it, because after the minister went to the trouble of lambasting the travel and tourist industry of Canada, what happened? The Prime Minister set a tremendous example for all Canadians as to how we should spend our holidays and recreational periods. He went down to the sunny Bahamas for three days, snorkelling and skin-diving. That is a fine example to set for the rest of us.

The government is either serious that something has to be done about this fantastic deficit, or it is not. It is no good for the government to say we should not travel outside Canada, if the Prime Minister even on a casual weekend prefers to spend three days outside the country. How can we ask the people of Canada not to go south next year and to give it up for a couple of years to help us out, if the Prime Minister and the rest of the government pay no attention to the situation and do not set an example themselves? For the government it is a matter of "Do as we say, and not as we do".

What is the solution of the Minister of Industry, Trade and Commerce to our precarious trade situation and the fact that we are not competitive any longer in international trade? His solution is to devalue the Canadian dollar. He is positively ecstatic because the Canadian dollar is going down in value compared with the U.S. dollar. Every day it goes down a cent and the hon. gentleman becomes thrilled and elated. Am I making this up? No, I am not. In a speech in Winnipeg on November 9, the minister said:

The fall in the Canadian dollar has been useful, and I hope it stays around for a while.

He positively loves the decline of the dollar. It is down to 89 cents. He certainly does not want its value to go up. He becomes annoyed if the Canadian dollar shows any signs of becoming healthy or gaining any strength. He is going to fight a strong Canadian dollar to the death because he says that a devalued dollar is the answer to all our ills.

I am sure hon. members would expect the Prime Minister to correct the Minister of Industry, Trade and Commerce and to indicate that that is not government policy, but yesterday I asked the Prime Minister, and he confirmed that it is. He was positively ecstatic. I had never seen the right hon. gentleman looked so pleased with himself as when he said that this floating Canadian dollar which has developed a leak and is sinking would help our export situation. A few weeks ago the Minister of Finance in answering questions in this House, said that the Canadian government would do nothing to prop up the Canadian dollar. But his colleague, the Minister of Industry, Trade and Commerce, said in Winnipeg that the expenditure of millions of dollars by the Bank of Canada to hold up the dollar in the international money market was calculated to keep it from dropping below 90 cents in relation to the U.S. dollar.

● (1622)

So the Minister of Finance says we are not propping up the dollar—just doing a little tidying up, smoothing out the ragged edges. We are supplying a market that goes along smoothly, but we are not propping it up. We are not propping up the dollar: apparently it props up itself. When the Minister of Industry, Trade and Commerce went to Winnipeg, he said we are propping up the dollar with the millions we are spending so that it does not go below 90 cents. Who is right, Mr. Speaker—the "propper-upper" or the "de-propper-downer"? We would like the minister to tell us who is right.

Let us consider another aspect of the minister's answer to our economic problems. He is quoted in the Winnipeg *Free Press* as saying that he is going to induce investment capital to stay in Canada "with the carrot rather than the stick." He must think the people with the investment dollars are like donkeys and will take whatever carrot the minister offers. But they have had four or five years to see what this government is doing. The smart money is now leaving Canada, not coming here. The idea is to get investment money out of Canadian-dominated investments and into United States-dominated investments. That is what the smart money people advise their clients. There will have to be a lot of carrots if that trend is to be reversed. I do not know what the minister's carrots are. As long as hon. gentlemen opposite stay in power, there is not a carrot in the universe that will attract investment money to this country. The financial community knows we are being mismanaged.

Is the lower value of the Canadian dollar the solution? You do not have to hold a Ph.D. in economics to know that if the Canadian dollar goes down in relation to the U.S. dollar, the Japanese yen, the German mark, and so on, it will help us sell our exports because they will be temporarily cheaper. They are 12 per cent cheaper now. We also know that Canada has tremendous imports. Many imported materials are used in manufacturing. A lot of our food is also imported. Because of the decline of value in the dollar, imports have gone up in price as much as our exports have gone down.

We know that workers will need more money to keep up with the increase in the cost of living. We also know that Dr. Hood, assistant deputy minister of finance, has said that for every cent the Canadian dollar declines in value compared to the U.S. dollar, the cost of living in Canada within a year will increase by one-tenth of 1 per cent, and within two years by three-tenths of 1 per cent. We know that the dollar has gone down 13 per cent in the last 12 months, from $1.03 to 90 cents. We know that within the next year, for that reason alone, the cost of living will increase by at least 4 per cent. We know it is going up now and has gone up by 1 per cent in just this last month to an annual rate of 8.8 per cent.

How long is this devalued dollar going to help us, Mr. Speaker? How long will it be before the idiotic practices and policies of this government, their inertia, their economic insanity, their political will to stay in power and survive—how long before all that forces the dollar down even lower than 90 cents? One thing this government will not do is take effective action to reverse our economic malaise. It will do nothing until the next election is over, and then if they stay in power they will be forced to take action just as the government of the United Kingdom was forced to take action. If this government stays in power, we will have foreign exchange control, travel control and all those controls that the Prime Minister likes so much. He is an anti-free enterpriser, a state socialist. All these controls will go into effect. That is my prophecy, Mr. Speaker.

It used to be said that Turkey was the sick man of Europe. Today, Canada is the sick man of the western hemisphere. How far have we descended in the last nine years under the leadership of the Prime Minister? I wish he would come into the House one day so that we could tell him what we think of some of his policies. If this government does not take some important steps to halt this economic malaise, get more productivity, persuade people to work harder and set an example for them, tell them that there have to be sacrifices that will affect our standard of living, in six or nine months' time it will not matter that the dollar has gone down to 90 cents or goes down to 85 cents, because our advantages will all be gone.

No fundamental reforms were introduced during the wage and price control program—so what was the point of it? We had two years of controls. We still have them, but what did the government do to change the basic economic structure of things that were interfering and causing unemployment and inflation? Nothing has been done to change it. There will be no improvement by the time controls are lifted in a few months. On November 9 the Minister of Industry, Trade and Commerce delivered a speech with all the zeal of the convert. He had the gall and the audacity to remark, as reported at page 756 of *Hansard*:

—the Conservative party has attempted to ride to power on the backs of the Mounties.

He said that the right hon. member for Prince Albert (Mr. Diefenbaker) could straighten out the Conservative party when he got back to parliament. The right hon. gentleman came back yesterday and he straightened out the hon. gentleman opposite on what he thinks of this issue. The Conservative

party does want to ride to power, but not on anyone's back—just on their own hard work and the things they have tried to do as Her Majesty's Loyal Opposition since 1963. We do not want to creep on our bellies across the floor of this House to get into power, or to go on our hands and knees to the Prime Minister to get into power. When we get into power it will be when the electorate vote us in. We will not be going any other way. It takes gall for the hon. minister to say that the Conservatives are attempting to ride to power on the backs of the Mounties.

He should not speak too much of these matters. He has done very well for himself by leaving his background and tradition of the last 20 years and crossing the floor. We will ride to power if the electorate will support us; otherwise we will carry on as we have done for the last 20 years. Had the hon. member for Halifax taken power several years ago, we would not be in the sorry state we are in now.

Some hon. Members: Hear, hear!

Mr. Crosbie: One thing that is wrong, Mr. Speaker, is that I never have enough time to speak in this House. Maybe hon. members will agree unanimously that I may continue. The Tokyo round of trade negotiations is continuing. I am the critic of the official opposition for the industry, trade and commerce portfolio. Knowing that I will receive decent treatment from the Minister of Industry, Trade and Commerce, I wrote to him on October 25 saying that the government of Newfoundland had submitted a brief to the Canadian trade and tariff commission dealing with questions that the province felt were important to raise at the negotiations in Geneva. I asked if I could have a copy of the brief, or if he would ask the Newfoundland government to let me have a copy, as I am interested in their position. I do not think it is marked "Top Secret"—surely the RCMP have not stamped this one "Confidential". It would not be breaching the "Featherbed" file to let me have a copy of the brief. I said I would appreciate it if he would send me a copy, and I went on to say:

> With respect to the whole issue of these negotiations, do you intend to brief the opposition critics with reference to these negotiations, the position to be taken by Canada, the state of the negotiations and our prospects? I understand that you are briefing the various provincial governments and interested industries and it therefore seems to me that the same kind of information should be made available to the opposition parties so we will know exactly what is happening in this area which is of such great importance for Canada and the various provinces.

I have not received an answer to the simple request that I be allowed to see a copy of the brief of the government of Newfoundland. Are we to be briefed on these negotiations which affect everyone in Canada? The minister is just as slack as the slackest of his slack colleagues—and he has only been over there since September. He was in opposition for 19 years prior to that, so you would think he would be right on his toes and would reply within a day, giving full co-operation. Somebody should ride on his back, Mr. Speaker. Let me quote from the *Globe and Mail* of November 5 under the heading "GATT Talks off to Slow Start with Late Lists":

[Mr. Crosbie.]

• (1632)

> —most countries, including Canada, missing the designated day for tabling lists of barriers to agricultural trade—

The United States tabled their list. This is dated November 5. The United States tabled their list on time, identifying the cuts that they want made. Let me quote:

> The Canadian list is wending its way through the federal government—

God help it if it is wending its way through that wearisome, weird mass—because it will never come out. The report says it—

> —could be tabled as soon as next week.

That is very optimistic. It goes on to state:

> Canada's agricultural exports totalled $3.96 billion in 1976.

Why is our list not being tabled at Geneva? What is the minister up to? Incidentally, when is he going to carry out his promises to Alberta? When is he going to get entry for Alberta petrochemical products into the United States, as well as their agricultural products? That is what Premier Lougheed wants. Perhaps, then, Premier Lougheed will loosen up on the gas—not the type we get from hon. gentleman opposite, but the real gas that you can light a match to: that useful gas. Perhaps he will loosen up on the gas and we will be able to export more gas to the U.S. When is something going to be done there?

Here is the minister from Alberta whose brother is the deputy premier of that province. I do not know whether they still speak. I suppose they still speak to one another. He has been in office now, as the minister, for the last three months. Why did that gentleman, who was in the cabinet at the time—the hon. member for Crowfoot—allow this agreement to be signed with the United States in respect of a pipeline, that great pipeline from Alaska down through Canada to the U.S., without Canada receiving some trade concessions at the time? Where was this great, big, tall Texan-type Albertan when that signing was taking place? Why was he not sticking up for Premier Lougheed and his government of Alberta to get these concessions when that agreement was signed?

I hope I am not being offensive to the hon. gentleman. If I said of someone in this House, "I shall see Otto Lang tarred and feathered and driven out of Saskatchewan. I will pay for the oil and I will pluck the chickens," as the minister said as reported in *Hansard* in 1974, I am sure I would be asked to retract it. I wonder if the Minister of Transport (Mr. Lang) has asked the Minister of Industry, Trade and Commerce to retract that since he got into the cabinet. He was going to see the Minister of Transport tarred, feathered and driven out of Saskatchewan. He was the man who accused the Prime Minister of being "diabolical"—and I take "diabolical" to be something not favourable to the person to whom you apply it. And if I were to say that as well as "putting the "torch of tyranny" to Canada, I would hardly expect to find myself in the same cabinet with that gentleman. That was said only on January 7, 1976, by the Minister of Industry, Trade and Commerce.

I will not go into the rest of the things he said about the Prime Minister then, such as there being similarities between Prime Minister Trudeau and the Nazi dictator, Adolph Hitler,

or the fact that he said the Prime Minister was "a dictator who is attempting to undermine our system of government", that "Mr. Trudeau must not to be allowed to win his class war. Stopping him is the duty of every Conservative in Canada. It is the task of every Canadian who cares about the freedom and prosperity of this great land." I ask, what is that duty? Was it to get into the cabinet? No, not at that time: it was to get the government out. I hope we will not hear any more from the Minister of Industry, Trade and Commerce, and when he comes and speaks in this House I hope he will keep himself to the business before the House and not cast any aspersions and insults about the colleagues he left behind when he crossed the House to go into the Prime Minister's cabinet.

There is so much to get one's teeth into, Mr. Speaker, that you just do not have the time. We have an hour and a half to speak in the Newfoundland Assembly, but here we have 40 minutes. Let me refer to the home insultation program which is directly relevant to this bill, because this bill makes these mingy, stingy, wingy, paltry, putrid grants taxable. What was said by the Minister of Energy, Mines and Resources (Mr. Gillespie) when he announced this great new program, this great new bonanza, last June? The minister stated at a press conference on Monday of the week of June 29 that eight provinces concerned with the new home insultation program had been consulted about the program. That comes directly from the minister's press release, right from the minister's own lips. He said that the energy ministers had shown a great deal of enthusiasm for it. That is what the minister said the ministers of the eight provinces concerned had said.

The provinces of Nova Scotia and Prince Edward Island are Liberal provinces and have their own schemes which are much more generous. We understand that—it is political. They are the only two Liberal provinces in Canada. They have their own special schemes. Their grants are not taxable. They get greater grants and greater assistance. That is fine, and we understand they are being rewarded for voting Liberal provincially. But the other eight provinces are not Liberal, so they got a lesser program. However, the minister told the world that the energy ministers had shown a great deal of enthusiasm for it. I am not going to accuse the minister of lying—certainly not—or of exaggerating, never, or of being too enthusiastic. I would not say anything like that. Then I looked at the papers and I saw that Premier Ed Schreyer described this new program as "restrictive and unequal". Have you ever heard such enthusiasm as "restrictive and unequal"? The press article goes on to state that Manitoba would enjoy "only a fraction of the benefits enjoyed by the two maritime provinces". He said that insulation requirements were greater on the prairies. That was his reaction. That was, certainly, frantic enthusiasm.

Then I looked further and saw that the deputy minister of energy for Ontario said they were not even consulted except for a telephone call. That minister certainly was not very enthusiastic. In fact, he was decidedly not enthusiastic. The deputy premier of Alberta said that Alberta was not going to accept such a program when the federal government interfered with provincial jurisdiction and inserted conditions that were not acceptable to them. That was deputy premier Hugh Horner. That was enthusiasm. That was certainly accurate when the minister said that Alberta was enthusiastic. Of course, he was undaunted—but a few days later he put out a press release, on August 17. All these comments were made in between, and I will come to them. I have some ripe ones yet. On August 17 the minister put out another release in which he said:

> Six of the eight provinces eligible for the Canadian home insulation program, and the territories, have responded favourably to the conditions outlined by energy minister Alastair Gillespie.

Now the enthusiasm of all eight—that great deal of enthusiasm—has now become muted and now it is only six, and they are responding favourably. He certainly could not say Alberta and Quebec responded favourably, because they would not go into the program at all. What do they think of it in Newfoundland? What was the great enthusiasm displayed by the minister there? He stated it is a slapdash effort designed to win the support of the provinces for the July 1 increase in the price of domestic oil. He was unable to give details of the scheme because this knowledge was limited to a telephone call from the minister, Mr. Gillespie. That is what he said. He protested the ad hoc approach. That is what he said and that was his enthusiastic approach.

What did the Premier of Newfoundland say? How did he display his fantastic, unconquerable enthusiasm for this great offer of the federal government? Premier Frank Moores said, in a release on July 5:

> I am extremely upset over the discrimination against the citizens of this province exhibited by the federal government in offering us an ill-conceived version of the conservation program which was given to the provinces of Nova Scotia and Prince Edward Island.

How in the devil do you describe this as being enthusiasm? This is how accurate the Minister of Energy, Mines and Resources is in reporting to this House and putting out releases. The premier was "extremely upset" over a proposed federal program which was conceived in haste without any meaningful consultation with the provinces. He said:

> The reason for this unseemly haste in announcing the program was to regain political points which may have been lost through the recent petroleum price increase.
>
> I also strongly resent the use of federal financial power to interfere in the internal policies of the provinces.

That is absolute enthusiasm and acceptance of the program. Newfoundland is accepting the program, it not being in the financial position to follow Alberta and say "No, we will not have anything to do with your ridiculous, foolish program". They have gone into the program, and it is recommended by the premier that the program be withdrawn and that there be a federal-provincial conference to draw up a proper program.

In fact, I understand that the eight provinces described by their minister in June as showing a great deal of enthusiasm for it are coming to meet with the minister—if he has agreed to meet with them—to put before him another scheme they have described to replace this ill-conceived scheme that discriminates against the citizens of eight of the provinces of this country. The minister should come into this House and confess

his errors and sins: he should not be pretending the enthusiastic acceptance by eight ministers when none of them accepted it with any enthusiasm that we know of, and when everyone who spoke publicly—every premier I have quoted—was definitely against this unwarranted intrusion, this political interference in the rights of the provinces, and in an ineffective manner, ineffective because now it has been admitted that there have been only 2,800 applications received, or a figure which is only a figure 800 greater than the anticipated daily inflow is supposed to be.

The government is now going to change the grant system to apply to pre-1931 houses in places like Ontario, and so on, instead of pre-1921. I have not time to go into all the inadequacies of this program—but it was a cod, and the people of Canada saw it was a cod and they are not responding to it. When they get their mingy grant after fixing their home—which I think is a maximum of $350—they are taxed on it: it is added to their income. If they do not live in Nova Scotia or P.E.I., it is added to their income. But if they live in those two provinces it is not added to their income. Ye Gods, Mr. Speaker, the Canadian people will certainly be flipping their lids and losing their senses if they re-elect a government that will try to put an atrocity like that across on the public.

● (1642)

They talk about the unity crisis in the province of Quebec. That is only half the problem. The whole unity crisis is caused by the heavy-handed, ham-fisted approach of this government—autocratic, arrogant, overbearing, covering up. I will not bother with the rest of the adjectives, because the Minister of Justice (Mr. Basford) will come here tomorrow and complain.

An hon. Member: "Featherbedding."

Mr. Crosbie: Yes, featherbedding as well. Mr. Speaker, that covers the insulation grants and the inaccurate forecast of revenue. We used to think that the Department of Finance was first-class and had first-class people. I suppose, I hope they still do. Here is a little province like Newfoundland caught $20 million short this year from the estimates in its budget because it was given a wrong estimate by the government of Canada, the Department of Finance, on what it was going to get in corporation tax and personal income tax this year. They give projections each year to the province, and we all know the tremendous amount which goes to Ontario.

Now, our minister of finance, who has a hard job to rub two nickels together, has to find $20 million more—and he is going to have a current account deficit in Newfoundland. There is something very, very wrong. There is something wrong in the Department of Finance's forecasting. I do not think I have time to get into the income tax system, but I will return to that in committee.

I now return to the case of John C. Doyle. I will take it clause by clause in committee because that case needs rectification. I do not have time today to get into it. The Supreme Court of Canada has had two appeals which have been pending for seven years. The Department of National Revenue and the Department of Justice did not do anything about pursuing them because of Mr. Doyle's connections, apparent connections with the government or the party that forms the government. One of these was brought out three weeks ago as a result of my bringing it up, and the judges of the Supreme Court of Canada dismissed it. They did not even withhold judgment. That will show you something about gross negligence. There is a man, a fugitive from justice, who owes the government of Canada $3.5 million for income tax for 1950 and 1954. He has fooled around and has been allowed to get away with owing that money. He has not paid, and he has not put up adequate security. He has been allowed to do that from 1950 to 1954—27 years in one case and 23 years in another. He lost his income tax appeal board case and his exchequer appeal court case in 1970. The government did not do anything for seven years until I raised it in this House. One of these cases has now been heard and the judges have dismissed it. That will show you how serious the appeal was.

There is one still to come for a larger amount of money—$3.5 million. The person involved is now in Panama, a Panamanian citizen. The government has not adequate security. However, I will go into this matter when I have more time. I object immensely to favouritism for somebody who is a friend of the government. When the ordinary taxpayer is reassessed, he has to put up the money at that point or the department will haul it right out of his pocket. Or the department will slap you right into jail. If you are an ordinary taxpayer, you have to put up security, bank guarantees and bonds. But Mr. John C. Doyle—and the right hon. member for Prince Albert explained this in his book—I do not have it here today—

The Acting Speaker (Mr. Turner): I regret to inform the hon. member, but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I listened with a great deal of interest to the previous speaker. I would like to make one or two comments. First of all, the hon. member attributed the wealth, the well doing of the province of Alberta, to a great Conservative government. If he uses the comparison that the Conservatives are responsible for the prosperity of Alberta, I wonder what he says about the depression in the province of Newfoundland, also led by a provincial Conservative government. Does he attribute that, sir, to the provincial Conservative government? No. He says, of course, that is the federal government. But where there is prosperity in Canada, that is a result of a provincial government, especially if it is a Conservative government.

Mr. Speaker, hon. members and those who see these proceedings will realize the foolishness of a statement of that kind. Surely the government of Canada is composed of provin-

cial, municipal and federal governments, and it is very simplistic to say, "Well, my goodness, isn't that nice? We have that great government there, and look how well they have done". Of course, it is a collective thing in Canada that all governments are a part of the whole.

I think it is all very well, Mr. Speaker, to take one section—to take Bill C-11 and put it in the context that it is the only thing the government of Canada is involved in. Those are only programs with which we are concerned. Therefore, to take this bill solely in the context that there is no other spectrum in the economic life of this government, I would like to point out that in British Columbia in 1977, an agreement was signed between the province and the federal government, in the amount of $181 million, for industrial development in the province. I would also like to point out that in 1977, in the province of British Columbia, another agreement came into force. I refer to the salmon enhancement program, worth approximately $153 million to British Columbia. I refer also to the coal development agreement under which the federal government is funding, in part, studies to explore the possibilities of using northeast coal and open up the northeast portion of British Columbia. In addition, the agreement regarding the ferries in British Columbia can be used as part of that spectrum of economic life in Canada, in British Columbia, which is not specifically dealt with in this bill. It occurs on a day by day, month by month basis, as the hon. member is well aware.

I did not hear, Mr. Speaker, any contrary remarks about the measures included in Bill C-11 referring to reducing taxes by individuals in the sum of $500 million in 1977. As I understand that, in 1978 this amount will increase to $1,200 million. This is a reduction in taxes for the people of Canada which can be said to be very small. But are we disagreeing with the principle that in order to make the economy more buoyant, tax reductions should be made at this time and perhaps should flow to the purchase of consumer and other goods which will, hopefully, stimulate our economy?

I was very pleased, Mr. Speaker, in Bill C-11 to note that for a number of years representation had been made to increase the maximum deductions in employment expenses. Finally, this year it has been raised from $150 to $250. Mr. Speaker, I have had several hundred letters from members of the IWA in the province of British Columbia who have complained over a number of years that this should have been increased because the purchase of logging boots, the purchase of clothing—which is expensive and has gone up over the years—has now been recognized and there should be greater allowances for those people.

● (1652)

People who work in the bush, in the mines and in various other manual occupations will be able to take advantage of a tax cut. They will be able to put this on their income tax. I applaud the fact that this has been increased. No one has said, at least this afternoon, that the tax credit has been increased to $300 from $200 and $50 for each dependant child which will be of benefit to lower income taxpayers. If the hon. member who spoke before me was opposed to this, let him say so and perhaps we can have a debate on it.

Unfortunately, what happens in many cases is that instead of debating the actual bill, we end up in a dialogue on the ills of the country. In many cases there is more gloom and doom than actual fact about the economy of Canada. All hon. members are aware of the impact of this House and what is reported to the people across Canada through the various media. If the opposition parties day in and day out continually emphasize the failures or shortcomings, whether of a long-term or temporary nature, in our economy, they do a disservice to the Canadian people.

Obviously, there are things that must be corrected. I agree that there are problems in our economy. However, I ask hon. members whether we are the only country that has these problems. This is not something unique to Canada. If hon. members are honest, I suspect they will say there are dislocations throughout the world economy, on some of which we can have an impact, some we can try to correct, but many are outside our boundaries and we cannot correct. We cannot change the policies of other countries. There are many examples of this: the OPEC countries have quadrupled the world price of oil. When the price of coffee doubles or triples, at the source—whether it be Brazil or some other country—the government of Canada has a very small role to play. The consumer may have some part to play by refusing to buy such items as coffee and other goods where there is a discretionary power of purchase. Our message to the people of Canada should be that instead of complaining about the cost of goods coming into this country, they should do something about it. If people boycott or reduce their purchases of goods because of high prices, those prices will become lower.

It is our job, as parliamentarians, to show alternatives to people rather than to decry the fact that something has happened over which we have no control. I feel very stongly that we do have a discretionary buying power. I hope that out of these debates there will be one thing to which I can contribute when we have a dollar that is approximately 13 cents below the American dollar. The government and parliament should come out with the message, strong and clear, that if Canadians do not like the prices they are paying for their imports, they should buy Canadian goods. If we bought more Canadian goods, we would not have the unemployment we have today. If we are sincere, members on both sides of the House should be encouraging people to buy Canadian goods instead of trying to find the lowest possible price in the markets which put our people out of work. This is a goal for which we should strive.

Instead of crying crocodile tears about our dollar being 13 cents below the American dollar, we should get our own house in order. This would give us a means of being more competitive. We are not only non-competitive in world markets, but in many cases we are not competitive within the Canadian economy. If a Canadian article costs a few cents more, we should stress that if people "Buy Canadian" they will create more jobs in Canada.

Members on both sides should stress that point. I hope the government of Canada will come up with a program, whether it be through advertising or some other form, to bring this message to the Canadian people. In order for our economy to grow, Canadians must purchase Canadian goods. If it does cost a few more cents, it is better to have more jobs within our nation.

Mr. Jones: That includes the government.

Mr. Anderson: I trust all my remarks refer not only to consumers, but governments—whether they be municipal, provincial or federal. I thank the hon. member for bringing that matter to my attention. Where we have hydro development in provinces such as British Columbia, the maritimes, Labrador and Quebec, we should "Buy Canadian". Why not build the turbines and generators in Canada? If it costs a few more dollars, the retention of Canadian jobs will more than offset that extra cost. It should not only be the responsibility of consumers, but municipal, provincial and federal governments. If they sincerely believe that unemployment should be lower, perhaps they should put their money where their mouth is and "Buy Canadian".

If for no other reason, I am very pleased to participate in this debate in order to bring that point across. It is very important that it be brought to the attention of the nation. I referred earlier to the 90-cent dollar. An unpegged dollar reflects a decreasing demand for the Canadian dollar. The dollar is like any other commodity, such as a loaf of bread, a tire or a battery—it is bought and sold: it has a certain demand and a certain demand price. We have not been in a strong economic position in exports over the past few years, especially in manufactured goods. This is reflected in less demand for our dollar to buy goods which are manufactured or produced in Canada. Surely this should be an indication that we have a problem.

Instead of saying "Isn't it terrible that we may have to spend more to go to Hawaii, Cape Cod," or wherever, we should heed the warning that we are consuming more from abroad than we are producing. I hope hon. members opposite recognize this fact. It is also an opportunity for Canadian manufacturers, producers of raw materials, farmers, and others. Goods that we purchase from abroad cost us more. Maybe that is not a bad idea. We may not want to purchase as much from abroad. In the province of British Columbia—and I hope I have agreement from my colleague from British Columbia—we are given an opportunity in the mining industry and in the forest products industry to be more competitive in world markets. In the past we have lost some of our competitiveness. This gives us a chance to be more competitive.

I now want to refer to the copper industry in British Columbia. The largest open-pit copper mine is in my constituency on northern Vancouver Island. I wish to quote from a paper given to me by a mining engineer, John Giovanetto, of Trail, B.C. He made the following point:

> It has been stated that Canada is one of the few countries which has an abundance of mineral deposits available for exploitation. This is incorrect. On the basis of equal surface area, Canada is no better endowed with mineral deposits than any other area in the world. In mineral wealth Southern Africa, Western South America, Australia, Melanesia in the Pacific, all have concentrations of minerals equal to or greater than Canada's . . .
>
> A flourishing copper mining industry was established in this province on a copper content which is so low that in other parts of the world it was not considered economically viable. The copper grades in the southwestern U.S. mines average about 0.8 per cent copper. In South America, the copper ranges from 1 per cent to 1½ per cent; Africa has copper grades of between 2½ and 4 per cent. The mines in Melanesia are in the range of 1 per cent to 1½ per cent plus gold. In contrast to these, the copper mines in British Columbia run between 0.45 per cent and 0.55 per cent copper. These are very lean deposits which require very close operating controls, and which can quickly become uneconomic with even modest increases in taxation.

However, under the right incentives the mining industry created a viable copper industry in British Columbia. Referring to the 90-cent Canadian dollar, it is my understanding that if the apparent price of copper had been unchanged during 1977, many of those mines in British Columbia would have had to lay-off men or close down operations entirely.

● (1702)

The 90-cent dollar has allowed these mines to remain open. I would find it very hard to accept massive unemployment in copper mining in British Columbia. As some hon. members may be aware, some of this copper is of very low grade, and at the best of times the operation is very marginal. Nevertheless, by reason of the technology which has been developed, particularly in British Columbia, we have managed to make the industry competitive in the copper markets of the world. But given the very low prices which have been in existence for the last year or so, it would only have been a question of time had the Canadian dollar continued to be quoted at $1.03 U.S. before mining operations were severely curtailed or shut down altogether. Thus, while the hon. member who spoke before me appeared to find something ridiculous about the present standing of the Canadian dollar, I have placed before the House one concrete example—and there are many others—to show that there is a positive side to this development.

If we are wise, we will use discretion when purchasing goods from abroad and take advantage of this opportunity which is now given to us to be more competitive in world markets.

Mr. Hnatyshyn: Is your answer an 80-cent dollar?

Mr. Anderson: Returning to Bill C-11, might I point out that there is one provision in it which to my mind has not been brought to the attention of the Canadian people to the extent it should have been. By virtue of the indexing feature, a married taxpayer earning less that $8,435, with two dependent children, will not be called upon to pay income tax in 1978. It means that no tax will be payable in these circumstances by persons making approximately $700 a month. This is not to say a man earning $8,400 a year will not have problems, especially if he is still buying a house. But surely indexing is a step in the right direction.

The hon. member spoke about deficits. We are all aware that if the government collects less in taxes from the people, deficits are likely to result. We are all aware that when people are laid off work they are usually in no position to pay taxes

and that government revenue suffers accordingly. But in times of economic dislocation it behooves the government to stimulate the economy to some extent, always bearing in mind that those who call for massive tax cuts are inviting massive deficits. Regard must be paid to what we can afford. Surely, no members would wish to go through another period of high inflation such as led to the establishment of the Anti-Inflation Board in the first place. I know that Bill C-11 provides for certain benefits to corporations and shareholders and that an effort is made to introduce investment incentives. It is not my intention, though, to attempt to deal with all the various parts of the measure at this time; other hon. members have already referred to them.

We in Canada have a great deal to be proud of and a great deal to be thankful for. I suppose it depends on whether you are an optimist or a pessimist. A pessimist, I suppose, would say we have 7 per cent or 8 per cent unemployment; an optimist would say we have 92 per cent employment. Coming from British Columbia, and being a Liberal, it is easy for me to be an optimist because I believe we have a great future before our province. Indeed, I believe Canada generally has a great future. Canada has one of the highest promises of any nation in the world.

An hon. Member: Who made it?

Mr. Anderson: This does not mean we will not be affected by dislocations which take place in the world economy. We are not an island with a wall around us. If the price of steel goes up on world markets, we will have to pay higher prices in Canada. If the price of oil continues to rise, it would be unrealistic to imagine that Canada would not be affected.

I do say, though, that we have a discretionary power. Even in the field of energy we have a discretionary power. Remember that a large proportion of the oil we produce or purchase is used for private travel, to drive people back and forth to work, and so on. We have all seen rows of cars, each of them carrying only a single occupant to work. We all knew that the supply of fossil fuels would run out at some point. Alternative sources of energy must be found. It is unrealistic to expect that the low fuel prices which have existed for so many years will continue. But there does remain an area for discretion, and I wonder if that discretion will be exercised if the price of a barrel of oil is $3 or thereabouts, as was once the case.

What reason would we give the Canadian people for asking them to conserve energy? What reason would we give them for saying that car pooling is a better idea than using larger numbers of cars to drive separate individuals to work? Should we not be encouraging the development of mass transportation systems? Should we not be encouraging the development of automobiles which will secure better mileage? To my mind, the encouragement of conservation is one of the most important parts of government policy. It is surely an important role of government to encourage the conservation of resources.

I hope that with the introduction of new technology we can cut down our dependence on oil. I thank the Minister of the Environment (Mr. Marchand) for his statement that funding will be available for research into the development of methanol which can be combined with gasoline to reduce the amount of gasoline used in Canada. If I can paraphrase him, his department has given the green light to this development. This is a step in the right direction, I hope we will go on giving this green light to ensure the possibility of 40,000 new jobs in Canada just by the introduction of methanol. I believe the minister said we could save $800 million on this single item—the combining of methanol with gasoline.

This is the sort of thing which gives an optimist grounds for hope. People are looking toward the future and saying, "Isn't everything terrible?" Sure, we have problems. But our people have proved time and time again that they are equal to meeting changes. One of the problems we have now, and I include Quebec, is that for many years we have had very few problems to look at and people have lost their challenge or feeling of adventure in this country because things have been very good and there has not been anything to challenge them. I am not suggesting that there are not people below the poverty line in Canada, but generally speaking we have had years of growth and years of good times—and when these good times are taken away or are a little less good, instead of moaning and groaning, surely we should meet that challenge. I have always been of the opinion that we should test the mettle of a person or of a country with challenges. We can either rise to meet them or you sink in hopelessness and despair and say "My goodness, poor me".

• (1712)

I do not think Canadians are like that. We do have challenges which we will have to solve, and I am confident in the ability of Canadians to solve them. Perhaps it is time we had some good ones to solve. Indeed, the situation in Quebec may lead to a greater feeling on the part of Canadians for their country; they may have a greater appreciation of what it is to be a Canadian. I think that many times in the past we have not had the sense of pride that we are Canadians, and I think the present situation may lead us to greater heights. Indeed, I hope so, and I think that economically we shall also rise to the occasion.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I listened with some care and attention to the hon. member who has just spoken, my good friend from Comox-Alberni (Mr. Anderson). He was critical of the opposition, berating us for what he termed "doom and gloom talk". On a number of occasions in this House, commencing last March when the previous minister of finance presented his budget, one of the results of which is this bill, Bill C-11, and since as I listened to other members of the government and to the financial critics of the official opposition, it kept going through my mind that I had heard all this before. When I considered that there were upward of one million people in Canada out of work and looking for work, and when I considered the general state of our economy, I said to myself, "My God, it's Herbert Hoover, R. B. Bennett, Mackenzie King and 1930 all over again".

I believe it was Herbert Hoover in 1930 and 1931 who told the critics after the stock market crash that they were crying doom and gloom, that prosperity was just around the corner, that they had to show restraint, tighten their belts and take less. The Prime Minister (Mr. Trudeau) has been telling us that they are not only taking less, but they have got less. It seems to me that the economic managers of this country, in the private sector but particularly in the federal government, have learned nothing during the last 45 years. They still mouth the same kind of talk and propose the same kind of measures which got us into much of the difficulties in other years of depression and recession, measures which have not succeeded in the past.

The way to make Canada work is to put Canadians to work. Surely the measures contained in Bill C-11 in large part will not only not do that, but in many instances will be counterproductive. They will not lead to any significant or necessary reduction in unemployment. They will not lead to any significant increase in the well-being of Canadians generally, particularly Canadians of low and middle income.

Since last March the government has proposed tax benefits of various kinds in excess of $1,200 million to provide incentives to the corporate sector to increase their capacity, to retool, to increase their production and to create jobs and put people to work. Well, Mr. Speaker, although manufacturing concerns have known about this tax incentive for many months now, statistics tell us that in the first nine months of this year, as compared to last year, there has actually been a decrease in the number of jobs in the manufacturing sector, from an average of 1,945,000 last year to 1,915,000 as at the middle of October. There has been an actual loss of 30,000 jobs in the manufacturing sector alone, and this in spite of the knowledge of the manufacturing sector that $1,245 million in the form of tax credits designed to put Canadians to work was available.

Mr. Douglas (Nanaimo-Cowichan-The Islands): And $2 billion was given in the previous budget.

Mr. Benjamin: Yes, as my colleague reminds me, prior to that, $2 billion was given in the budget of the previous minister of finance. But what has happened, Mr. Speaker? There is even more unemployment. This measure did not work and it is not working now. Such a method has been tried before in other decades when we had depressions and recessions. It was the wealthy who received the breaks; it was the poor and unemployed who paid.

We have been proposing for many months now, and we will continue to do so, that it makes more sense to make sure that there are more dollars in the pockets of the majority of Canadians at the low and middle income level. They are the ones with needs. They will spend those dollars in consuming production, much of it Canadian production. Surely that not only makes more sense but is more civilized and more fair. Providing extra savings and benefits for the wealthy, for corporations who do not need them, means that they will put them away into reserves or into savings. The impact on increased consumption will be minimal.

[Mr. Benjamin.]

We believe there are many things which this parliament could be doing to deal with the economic situation, which members on all sides agree is bad. I should like to refer to some of the things which we could and should be doing, rather than what we are doing in this bill. It seems to me that in the budget and the budget bills, the government—and, I am sad to say, some spokesmen of the official opposition today—keep remembering dollars and forgetting people. They place dollars and the welfare of the privileged ahead of the people.

Let me illustrate, Mr. Speaker. I am sure that most, if not all, of us attended Remembrance Day services just a few days ago. A few days prior to that we had the government's announcement that it was not about to meet the goal of increasing disability pensions for war veterans, which I am told would cost in the neighbourhood of $30 million. The unanimous recommendation of a parliamentary committee and of another group looking into the whole area of war veterans' pensions and disability pensions and allowances set, as a goal, certain pensions for five categories of employees in the public service. With the government's refusal to put that into place, a 100 per cent disabled veteran has now fallen $536 a year behind. The government says that in view of the economic situation and this time of restraint it could not see fit to give $30 million to our disabled veterans, yet it can give $1,200 million to corporations. Yet they want us to vote for this bill! If one of the cabinet ministers will move an amendment to the bill which would restore $30 million of taxation on corporations and high incomes, and allow the Minister of Veterans Affairs to announce at the same time an increase in veterans' disability pensions, I would be more inclined to support this legislation, and I would be more inclined to say there is some humanity and decency here. The government is giving no increases in basic pensions for veterans to whom this nation owes a great debt and can never fully repay it. The government has forgotten these people!

● (1722)

I listened to the hon. member for St. John's West (Mr. Crosbie) complaining about a wealthy gentleman who is allegedly escaping millions of dollars in taxes, after being in Newfoundland for many years working for, with or under a Liberal government at a time when the hon. member for St. John's West was in the Liberal government. In any event, he complained about this gentleman being able to evade $3 million or more in taxes. A veteran in Regina gave me permission to quote his letter. His wife wrote to me first in regard to the matter of pensions. I am referring to a Mr. and Mrs. Howard Brown, 8 Osler Avenue, Regina. The letter reads as follows:

Thought I'd write to you. I am the wife of a disabled war veteran. It was most disappointing to read and hear on radio and TV that the feveral government did not have the extra money for the disabled veterans. My husband has been disabled for 34 years now, and after all that time I guess one does get sick at heart, when four days before they could raise the MPs salary. Please thank Mr. Stanley Knowles for his hard work for the veterans. Hope you're able to do something for us. Would appreciate hearing from you.

I have received another communication from Mr. Howard S. Brown, addressed to the Minister of National Revenue (Mr.

Guay). Mr. Brown is a self-employed man in construction work. He filed his income tax return in March or April of this year and owed slightly over $1,300 income tax for 1976. He suffered a massive heart attack in May or June. At the moment his total income is $492.34 a month, being $347.88 in disability pension as a veteran and $144.46 from the war veterans' allowance. That is their total income. They have been faithfully paying all they can afford, namely, $40 a month, on their income taxes for 1976. I was advised just a day or so ago that the Department of National Revenue has placed a lien on their home for $1,365 in taxes owing. There is no money for disabled veterans. There is no increase for them. But there is $1,200 million for corporations—and a lien can be put on a veteran's home.

Mr. Brown's disability pension and war veteran's allowance gives him an income of less than $500 a month. He is not old enough for the old age pension, and he will never work again. The government will not increase his pension, and it has put a lien on his home. This government has the nerve to expect me, or anyone who has any conscience or consideration for people, to vote for a bill which gives an allowance of $1,200 million for corporations.

Unemployment is costing Canada. The figures vary, but they are anywhere from $7 billion to $10 billion a year at the present rate of unemployment. We have $4 billion or more in pay-outs from the UIC fund, and $1 billion or more pay-outs from additional welfare benefits because of unemployment. Is that $1 billion, $2 billion or $3 billion in lost tax revenues for all levels of government? Surely this parliament should be acting on measures to spend as much, nearly as much, or half as much as what unemployment is costing. It is not only for the sake of our people and our nationhood, but if one wants to be a crass dollar considerer, also it can be for the sake of restoring revenues to levels of government as well as putting people to work.

Even though measures have been proposed by the New Democratic Party, I think they are insufficient. They call for the expenditure of $2,450 million to create something in the order of 300,000 to 350,000 jobs quickly; and another $400 million in a federal-provincial-municipal capital works program which the statistics indicate would mean 60,000 jobs. The need is present in the municipalities. Not only do the municipalities have needs, but our towns and cities have needs as well. These needs have to be met in a host of areas. In fact, the $400 million proposed by my party for the new federal-provincial-municipal capital works program, if it is direct funds from the federal government, should be augmented with a $2 billion or $3 billion low-interest loan fund which municipalities can draw on. I am referring to interest at one-half the bank rate or below the bank rate. Any deficits on those interest charges should be picked up by the nation as a whole.

It is called sharing, co-operation and working together. Municipalities know what needs to be done. They know how to put people to work. They can build police stations, fire-halls and parks. They can widen their streets and they can renew their sewer and water systems. They can do a host of things which need to be done. They can improve their traffic systems. Most of these things are high labour-intensive and are legitimate needs of our communities in this country. That would not be lost money. Not only would it increase the well-being of the people in our towns and cities, but it would increase the assets of the nation as a whole. It would be money well spent.

My party suggests income tax cuts double what the government proposes. They would be in the order of $1.5 billion for people on low and middle incomes. They could take the form of tax credits. People with incomes of $20,000 and over would get nothing, and it could be graduated upward to the ones on the lowest end of the scale with tax credits of $400. If they do not have enough income to pay $400 income tax, instead of a tax credit they would get the difference in a tax rebate or a cheque. We would be putting $1.5 billion into the pocket of the lower income section of our population. That is the section of the population which will spend it.

We propose that $500 million should immediately go into housing and urban transit. This government promised in writing $290 million for urban transit in the 1974 election campaign. It has now announced $230 million by shifting $200 million from other areas. Urban transit in Canada needs something in the order of between $2 billion and $3 billion. Even the $500 million we propose is just a start.

● (1732)

Small business employment assistance of $50 million is proposed. If one would look with objectivity and fairness at the program of grants to small business for actual permanent jobs created in Manitoba a short while ago, he would see that that resulted in another 1,300 jobs in very short order. That can mean 20,000 jobs for the nation as a whole. We estimate that the income tax initiative we propose for low and middle income people would mean anywhere from 100,000 to 200,000 more jobs because of increased consomption requiring increased production, and another 70,000 as a result of what we propose for housing and urban transit. That is for the short run. We could think up more proposals, and for the long run there is much to be done.

Let us look at the immediate and long-term things which need to be done. Some of them involve very little money, and some none at all. Some of them involve a lot of money. If there ever was a time, as the hon. member for Comox-Alberni says, for challenging Canadians, now is the time. We did that in wartime. Instead of the hon. member's emulating Herbert Hoover, decrying gloom and doom and letting us think that prosperity somehow is just around the corner, let us place the challenge before Canadians, like we did in wartime. Let us say that over the next eight to ten years we are going to spend between $8 billion and $10 billion to rebuild and modernize our harbours and our railroads. Let us put some sanity into the use of the different modes of transportation. Let us do something about freight rates and passenger fares so that we can stop discriminating against people and goods because of where they happen to be made and live.

Let us treat one another equally when it comes to the accessibility to, the use of and the cost of transportation. Of course it would cost money, but that would help Canadian unity. Let us treat people equally, no matter where they live. That would increase the assets and the well-being of the nation as a whole. Let us stop worrying about competition, about whether the CPR made a profit last year and about whether the CNR should be instructed to make a profit and sell off profit centres to private enterprise. Let us stop thinking of dollars instead of people and our nation.

What has happened to grain prices? The drop in net farm income in this nation and in the three prairie provinces has been one of the biggest drops in the last 20 or 30 years. Let us stop attacking the statutory Crowsnest pass grain rates, as they are commonly called. There is justification for that because those rates are beneficial to Canada as a whole. They are in place for the benefit of Canada as a whole, and they are not some subsidy or gift to prairie producers.

Those who attack the statutory grain rates are not interested in the welfare of this nation. They are not interested in protecting our grain producers or enabling them to compete with other nations in the world which export grain. Those who attack the statutory grain rates conveniently forget that our competitors produce their grain much closer to export centres than do our producers in Canada. Most of the grain production in Australia and Argentina is within a very short distance of ports. Even the grain that is produced far inland in the United States and the Soviet Union has access to cheap river water transportation. Canadian grain has to travel thousands of miles to get to export centres in competing with grain produced in other nations. That is the reason and the total justification for the statutory grain rates. For the Minister of Transport (Mr. Lang) or anyone else to attack those rates or to suggest that somehow farmers should get the benefit of the rates in some other way is irresponsible. If the Minister of Transport thinks he is going to emulate Jimmy Gardiner and the Prairie Farm Assistance Act and run around handing every grain farmer a government cheque for wheat or refunds on freight charges for grain movements, he has another think coming. Neither the minister's party nor any other party would get away with that.

To attack those statutory rates would be a betrayal not only of western Canada but of something which is of massive benefit to Canada as a whole. What those grain exports mean to our country in terms of balance of payments alone more than offsets any costs there may be because of the statutory grain rates. I submit that any legitimate deficits transportation companies have on moving grain out of the prairies to export centres should be made up out of the treasury of the nation as a whole and paid directly to the transportation companies—two cheques a year. That is a sensible, fair and proper way to maintain the statutory grain rates for grain producers in western Canada while at the same time paying a reasonable price to transportation companies for moving it.

Orderly marketing is essential to the well-being of producers of many kinds of agricultural products in all parts of Canada.

[Mr. Benjamin.]

The attacks on orderly marketing in western Canada continue, aided and abetted—I am sad to say—by some politicians. The minister responsible for the Canadian Wheat Board enlarged what was started by a former Conservative minister of agriculture by putting feed grains on the open market, with the support of the official opposition, in spite of the fact that the three prairie wheat pools and the United Grain Growers, which represent something in the order of 80 per cent or 90 per cent of grain producers, objected. The most recent example, I am very sad to say—and I know there are many Conservatives on the prairies who are horrified and shocked at this happening—was when the Leader of the Opposition (Mr. Clark) was in Manitoba in August. He is reported in the *Valley Times* of the Pembina Valley as saying—and this has been verified by the notes of two reporters who were there—the following:

> —expansion of the Wheat Board's selling efforts, but permission given to private organizations to sell grain in competition with the Wheat Board. Mr. Clark said private organizations working alongside the Wheat Board would "stimulate" the board's efforts.

● (1742)

Mr. Speaker, the very reason for the existence of the Canadian Wheat Board through legislation originated by the Conservatives in the 1930s and implemented by the Liberals in the 1940s is because of what private organizations were doing to grain producers then. They are doing the same thing now in feed grains. The Leader of the Opposition says we should allow private organizations to sell export grain, not just feed grain, in competition with the Canadian Wheat Board. Mr. Speaker, I am going to do everything I can to make sure that every grain producer in western Canada has a copy of that quotation.

In this parliament we should be dealing with the strengthening of orderly marketing and the removal of the private grain trade from the backs of the producers. If we want to do more for our economy and an important sector of the agricultural industry, we should deal with legislation to strengthen orderly marketing and provide a better two-price system. That was a good idea, and we supported it, but there has been no increase in the domestic price since the program was initiated. At least the price of grain produced for human consumption in Canada should be raised in order to offset the increased cost of production and the decreased income of farmers over the last year and a half.

This parliament should bring to an end some of the government's restraint programs. The official opposition demands more for one program that I would have put an end to yesterday if I could, and that is restraint in the Post Office department. In every city of Canada there are tens of thousands of homes that do not have mail delivery because of the restraint policies of the government. At the post office in Regina there is parking for about 20 cars, but they seem to expect 11,000 home owners to come there for their mail. We are told they cannot put boxes in the mud in the new housing areas, but at the same time they are spending nearly $2 million

for automated equipment to sort the mail. Why sort it if they do not deliver it?

I estimate that something in the order of 2,000 or 2,500 jobs are needed for efficient postal delivery in the cities. The people of Canada do not expect the Post Office to make money or to break even. They have always been willing to pick up the deficit in the Post Office as long as they get service. I do not know of a post office department in any country that breaks even. They all make money.

Mr. Stevens: In the 1970s ours made money.

Mr. Benjamin: If ours is to lose money, it should at least lose it in such a way as to maximize the service. Instead, it buys automated equipment to sort the mail and then refuses to deliver it. There are other things this parliament should do to help the economy. If we want to do something about pollution and unemployment at the same time, we could begin a seven or eight-year program to spend several billions of dollars at all three levels of government for sewage systems in each city and town that has tertiary sewage treatment. The manufacture, transportation and installation of such equipment would create jobs and reduce pollution. That seems to me to be a worthwhile program and the sort of thing that should be included in Bill C-11, rather than $1.2 billion in gifts to corporations and the wealthy. When they get it, they will not spend it in ways that would increase employment.

This bill, Mr. Speaker, dwells too much on dollars and not enough on people. I illustrated what a cruel hoax we have perpetrated on the veterans of Canada. How anyone in this chamber will look a disabled veteran in the eye if this bill is passed is beyond me. In view of past experience, I had hoped that the government would change their ways, try new methods and, as the hon. member for Comox-Alberni (Mr. Anderson) said, challenge the nation. The knowledge and the money is there, but we need leadership, planning and direction. We can only get that from a national government, not in a bill like C-11—and I say that sincerely. If the government can find $1.2 billion for this, but can only find $30 million for disabled veterans, I cannot support such legislation.

Mr. Lumley: Mr. Speaker, I wonder if the hon. member would entertain a question in the time he has remaining.

Mr. Benjamin: Certainly, Mr. Speaker.

Mr. Lumley: Could the hon. member tell the House how he arrives at the figure of $1.2 billion for incentives to industry?

Mr. Benjamin: Mr. Speaker, if the hon. member will check *Hansard*, as I shall, I am sure I said $1.2 billion in tax revisions, incentives, write-offs and relief for corporations and wealthy people.

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, I should like to commend all my colleagues who have taken part in this debate. Their comments have been very useful. The Income Tax Act is very difficult for the average Canadian to understand. It is becoming so complicated that more and more Canadians are turning to professional people for assistance. Tax experts are emerging in the legal and accounting fields and many of our middle and larger corporate citizens have special tax departments to assist them in taking maximum advantage of tax provisions and in computing the amount of money they must pay under our tax laws. This is an expensive process.

In 1971 we tried to deal with this complicated matter and to simplify it. Instead of becoming more simple and straightforward, it is becoming more complicated. Every time we, as law-makers, attempt to confer a benefit on a select group of people or to provide an incentive or stimulant to a sector of our economy, we make our income tax much more complicated. Projecting our performance for the past ten years, we must ask ourselves, "Where are we heading?" Clearly, we are heading into an era when we will see double the number of accountants with probably half the clients that each now has. How much can one mind absorb? Can one chartered accountant or one lawyer deal with this myriad of taxation legislation which we are developing? I doubt it. I feel we are heading into an era of specialization and team approaches to some very complicated taxing laws. It is, clearly, becoming too involved. Just like government, it is too big.

● (1752)

Our present taxation system places a severe burden on the average Canadian. To a great degree, our taxation policy penalizes this group of people and in particular small businessmen and small professional men who simply lose their incentive. When Canadians in the middle income group take a look at the large portion of their income that goes to the government of Canada, they find that their ambition is stifled and the incentive is not there to expand and provide more jobs. The wealthier people, people earning over $50,000 a year, may find they are involved in different companies, in capital gains and in a taxation system in which they have more options available to them in dealing with their taxation problems. They can protect themselves.

We do have a number of anomalies in our existing tax legislation that raise the question of fairness and equality of all Canadians in respect of our tax laws. For example, a private duty nurse who is self-employed and works at a hospital can deduct the expense of her uniform, while another nurse who works beside her but is employed by the hospital as a member of the staff cannot make the same deduction even though she performs substantially the same services.

Our lumberjacks working in our forests cannot deduct the cost of their mackinaws which are essential to protect them against our cold Canadian winters, but they can deduct the cost of their chainsaws. A carpenter who comes into your house to perform a small service can deduct the cost of his tools if he is self-employed, but the same man coming in to perform the same service cannot deduct the cost of his tools if he works for a construction company. A judge cannot deduct the cost of his robes that he is required to wear in the

performance of his duties, but lawyers practicing before him can deduct the cost of their robes.

The tax application of government grants to industries, and the requirement that such grants be deducted from the value of machinery for depreciation purposes under the Income Tax Act, really means that these non-taxable grants are in fact taxable, and it does not appear to give sufficient consideration to the fact that the purpose of depreciation or the depreciation allowance is to provide a fund to replace the machinery when in fact it becomes obsolete. Clearly, personal tax cuts for low and middle income earners are steps in the right direction to stimulate consumer buying and assist us at a time when our economy of Canada is in a critical condition. The proposal of the Economic Council of Canada in this respect should not have been dismissed out of hand by this government.

Tax credits to corporations which provide jobs in slow growth areas and which provide jobs for young people coming into the labour market—a group where unemployment is extremely high—are steps which I would commend to the government. New approaches to achieve increased industrial research and development, particularly in fields where Canada has an inherent advantage, are long overdue measures which are badly needed. A policy of incentives for small business without increasing the pressure and paperwork which so many small businessmen are subjected to by government would be a welcome measure.

Clearly, our objective must be to recover and maintain the real economic growth potential of our Canadian economy while achieving full employment and stable prices. This is a most worthy objective, it is an extremely good goal, and even if it is not achieved by moving in that direction we can greatly improve our economic performance. For the past decade our economic performance has deteriorated. There may be more than one million Canadians out of work this winter, and inflation continues to sap our economic strength. One of the most disturbing bits of news has been the drop in productivity and our competitive international trading position. Our $10 billion deficit on trade in manufactured products has been caused in part, although not totally, by Canada's failure to keep abreast of technological improvements.

This is a very significant factor and one which has not been reflected in our taxation policy. A deterioration of our trade position is perhaps the most important shift that has taken place in our economy. We are consuming more than we are producing and we are borrowing foreign money to make up the difference. I feel there must be a massive effort to assist Canadian business through tax incentives to attain technological breakthroughs in fields where we have an inherent advantage. Clearly, with the resources of people and money available to us there is a need for selectivity in this program. There is a need to concentrate on areas where we have an inherent advantage. These fields include agriculture, our fresh water supply, resources of our three seas, and those industries drawing upon our mineral and chemical wealth. Farm machinery and mining equipment are examples.

[Mr. Howie.]

An imaginative taxation policy can do much to induce small businesses and large businesses to improve their technology and its application in industry to increase our gross national product and, through planning, to enable Canadian products to re-enter and expand in the trading markets of the world. It is essential that Canada restores its technological advantage in the production of goods for export if we are to maintain our present standard of living and create good jobs for Canadians without serious social disruption. Let me give you an example. Canada has always been a large exporter of pulp and paper products. Now plantations in South America and Europe can produce marketable trees in six to ten years, compared to our 40 to 50 years. This is an area which urgently requires early attention if we are to use incentives to improve our productivity. I shall have more to say about this particular subject in the days to come.

This bill's provision of an investment tax credit of 5 per cent to 10 per cent is an avenue that can be used to fund new technology breakthroughs, but it will require a more sophisticated strategy with greater dynamics than this lowly measure. The magnitude of the effect of a tax credit depends to a great extent on the size of the incentive and the period within which it will operate. Research and development is an important and expensive exercise, and a small tax credit of 5 per cent to 10 per cent with no policy commitment as to the time it will be in force will not yield the same benefits as a credit of 20 per cent to 25 per cent and a commitment for ten years.

In relation to the respective g.n.p., American, German and Japanese government funding of research and development is twice as high as ours. The Japanese have increased their international sales effort for existing products and have developed new products through government-sponsored research. For example, the Japanese government has spent $214 million in the past five years to help the computer industry compete with IBMs series 370. We no longer have a full-time minister of science and technology in Canada. And we should. Our taxation legislation has become so complex that it is extremely difficult for legislators to vote intelligently on it. It is so complex that I foresee all kinds of litigation over conflicting interpretations. Chartered accountants have to work morning, noon and night to keep up to date with all the changes, and this time so spent is reflected in the charges they have to pass on to their clients. The 1972 reforms are changing all the time. Some are being cancelled, others are deleted, and many of them are being amended. It is a most confusing situation for the average Canadian. The amendments announced last year have been reintroduced and already they are changed. The tax shelter provisions for multiple unit residential buildings have already been changed. The 10 per cent depreciation write-off allowance for frame buildings has been reduced to 5 per cent the same as that allowed for buildings built of concrete and steel, because apparently our tax people did not want to give an advantage to one form of construction over another, in spite of the fact that the two types of construction are so different. This, however, would be too simple a change to make, so they inserted the word "most". "Most" wood frame dwellings will

have the rate reduced from 10 to 5 per cent. On the one hand, we want more apartment buildings built, and on the other we reduce the capital cost allowance except for those where the higher rate is "clearly warranted".

To which ones does this provision apply? Your guess, Mr. Speaker, is as good as mine—and to guess is exactly what the Canadian taxpayer will have to do.

• (1802)

The rules regarding the distribution of corporate surpluses through profits are changed again, and the rules as to what is and what is not taxable are enough to drive a Canadian lawyer to Philadelphia. The only constancy the average Canadian can look forward to in this government's taxation policy, is that every year there will be a multiplicity of changes. I am pleased with the decision of the Minister of Finance (Mr. Chrétien) to withdraw the budget proposal which would have taxed a portion of life insurance proceeds payable at death. Unfortunately, the problem has not been completely resolved. Amendments to the bill will still tax the policyholder at the time of taking out a policy loan and disallow the deduction of interest on the loan as an expense incurred to earn income. Such interest deductions are usually allowed to small business people when they borrow working capital from the bank and, in the past, have been allowed when they borrow it from their life insurance company.

I feel that a policy loan should be treated the same as any other loan, because it is repayable and if the policyholder passes away before the loan is repaid, then it is deducted from the proceeds of the life insurance policy. Loans against life insurance policies are usually a last resort by many people who have a real financial need of a critical nature, and this does not appear to me to be a good time to levy an additional tax on them.

Strangely enough, if a policyholder takes his life insurance policy to a bank and uses it as collateral, he can then borrow money from the bank and the interest he pays on the bank loan is deductible for income tax purposes if it is used to earn income. The policy of treating a loan against life insurance as income, and the policy of disallowing interest payable in respect of such a loan, does not make very good sense. One final thought I would like to leave with our taxation people is to suggest they study the concept of permitting Canadians to deduct a portion of the interest charges for mortgages on their principal residences and municipal taxes from earned income for taxation purposes. My suggestion is only that this concept be studied, because until I get the answer from some order paper questions I cannot determine what expense would be placed on the public purse.

It is conceivable that such programs would have to be phased-in over a period of time. First, perhaps, one and then the other—and indeed each of these programs—may have to be phased in by permitting such deductions only for persons in certain income categories or permitting only portions of interest or taxes to be considered for deduction. I think the concept should be explored by an appropriate committee of this House. I am fully conscious that in making this suggestion I may well be contributing to the confusion that already exists in our badly overworked taxation system, and I would gladly forgo these suggestions and all the other ones I have made for a simple income tax system where the benefits from a simplified administration could be passed on in lower income tax rates to all Canadians.

Mr. Donald W. Munro (Esquimalt-Saanich): The final comments of my colleague, the hon. member for York-Sunbury (Mr. Howie) give me an excellent introduction to this bill. Tax laws are complex. This document represents only amendments to the tax laws. Mr. Speaker, in some respects you are fortunate in not having to work your way through this particular document. I do not know whether you have lifted it. It contains 225 double pages. The amendments are on the left-hand side and the actual laws or regulations are on the right-hand side.

• (1807)

The first thing I want to do in this debate—and I believe in being constructive—is to suggest that those who draft cumbersome laws like this should be required to provide an index at the back as well as marginal comments. They should be easily visible. There is no order whatever in the way this bill is set out. What we, as legislators who are responsible for commenting on this bill, need in order to find our way through it is an index. It should be attached. That would assist us immeasurably when dealing with amendments that may or may not be agreed upon. The index could be carried on into the Revised Statutes. We need something to find our way through this maze. The income tax consultants for small businesses will have difficulty. Is it any wonder that small business is folding up its tent and going away? They need very expensive consultants to deal with amendments such as those being proposed.

As my hon. friend said, the proposals that were put forward earlier have already been amended in this bill. For example, there was the suggestion that death benefits were going to be taxed; that portion of the insurance policy which amounted to the investment portion of the individual's contribution during his lifetime were going to be taxed. That provision has been withdrawn. I cannot emphasize too much the need for bills as monstrous and horrendous as this to be provided with an index.

I cannot possibly deal with all the items that are in this bill. One deals with an insulation scheme. The only comment I want to make about the insulation scheme is to underline what was said earlier in the debate this afternoon. Exemptions for income tax purposes or grants obtained under the insulation program will be applicable only in Nova Scotia and Prince Edward Island. I want to further underline that these are the only two Liberal provincial governments in Canada. That is not just plain coincidence. The citizens of Nova Scotia and Prince Edward Island are going to be exempted from paying income tax on loans they get under the insulation provisions of this bill.

There are thousands of other matters. There is one other comment I want to make before coming to a couple of specific cases. That is the way we got into this particular debate. It is worth while noting that we had a procedural gimmick invented, simply because the proceedings of this House are being televised, in order to present a budget speech. True, the House leaders eventually agreed to the use of that gimmick. However, four or five days in advance of the Minister of Finance (Mr. Chrétien) delivering his budget speech, arrangements were made with the CBC for that time to be blocked off. I do not know whether they blocked off "As the Stomach Turns" or what. It was not "As the World Turns". However, as he stood up, the stomach turned. That was all done by prearrangement with the CBC.

In addition, equal time was not allotted to the opposition as is normally the case with a budget speech. When I look back to October 20, I see that the Minister of Finance began his budget speech at 2001 hours. He went on until 2038, approximately 38 minutes. I was not in the chamber that particular night. However, I watched it over television for that particular reason. I wanted to see whether equal time would be accorded to the opposition. It was not. The hon. member for York-Simcoe (Mr. Stevens) stood up at approximately 2038 and, gentleman that he is, resumed his seat at about 2053 in order that the hon. member for Waterloo-Cambridge (Mr. Saltsman) could speak within the hour.

● (1812)

On a contribution of this importance to the Canadian people, there should have been two hours taken out of CBC's time so that all parties would have had equal time to make their comments. It was a gimmick, pure and simple, three or four days after the introduction of television to this House in order to exploit that opportunity, and I find it an unacceptable manipulation by the government of the rules of the House, taking advantage of the situation to profit from the installation of the television facilities.

I feel the CBC ought to have been asked to set aside 1½ hours or two hours that evening so that all parties might have had an equal opportunity. In fact, I remember now that the hon. member for Waterloo-Cambridge did not get on live from the House. The hon. member for York-Simcoe was interrupted very shortly after he had started, and the CBC went out into the entrance hall and took video-tape and broadcast live the leader of the NDP. This is an improper exploitation of the rules of the House, and it is quite unacceptable.

I have spoken about the need for an index. This brings me to two of the matters I want to speak about particularly. One is the capital gains provision in this bill with respect to properties being rolled over from a sale and the acquisition of another property. The provisions relating to this are to be found on page 27 and page 4. It is section 6 on page 4. An accountant or other person who is called upon to advise a client about this area has to explore this extremely complicated bill without the help of an index.

[Mr. Munro (Esquimalt-Saanich).]

When the matter of the capital gains provision was first brought to my attention, I turned to page 27 only. Then I found I had to refer to page 4, because that page is relevant. One element which has to be taken into account by anyone thinking of changing his property is the definition of a taxation year. The words "taxation year" occur right at the top of section 18, the new section 44 on page 27. But whose taxation year is involved? Is it the government's year, or is it the businessman's taxation year? I believe the businessman does have an option to set up his own taxation year, but that is not clear from the section. When we get to clause by clause study, I will return to this matter and ask for definitions. Whose taxation year is it which section 44 has in mind?

● (1817)

Then there is the time period which is to be allowed between the acquisition of new land and the sale of the old. What is the time period allowed? I think I have that question straight in my mind by doing some collation of clauses on page 27 and page 4, but I am not sure. I want to be absolutely sure, and so does a man selling a piece of commercial land; he wants to be darned sure he is not going to make a mistake.

The other matter he has to take into account is the order of the sale and acquisition operation. In this particular operation, a businessman obviously has to take advantage of situations that occur. A piece of land may be coming on to the market; he may bid on it and acquire it before he has sold his old piece of land. I never thought I would be talking about milk and the milk problems of British Columbian farmers who are in my riding, but supposing a man has to acquire a new piece of land before selling his old piece—what about the interest charges on the bank loan he may have to make in order to acquire the land; settling up once he has sold his old piece of land? Are those charges a legitimate business expense? Then, what about other charges that he may have? Supposing he sells a piece of land before acquiring a new piece of land, what does he do with his cattle meanwhile? He will have to pasture them somewhere. Would this be an expense which is tax deductible when he changes from one piece of property to another?

Then there is the measure of a capital gain. Supposing the properties are of different sizes. Supposing a farmer wants some bigger pasturage, or he needs some better hay land and he has to pay more for that land than he receives for his previous farm. Is this done on a unit basis, or is there just a roll-over of the amount? Supposing for some reason or another, because of technological developments, he gets a smaller piece of land and makes a big profit on the sale: is this going to be considered a capital gain? I think these kinds of questions should be answered, and when we get into clause by clause study I am serving notice that we will require answers at that time.

I should like to quote from a letter which I received from this man's accountant. He writes:

In visualizing the exchange of properties we believe there are two basic situations that a taxpayer could find himself in. These two situations are:

I put them in his words because he is the tax expert, not me.

1. The sale of their existing properties and the subsequent acquisition of a replacement property.

I think I have covered that in my comments.

2. The acquisition of replacement property which is subsequently followed by a sale of his original property.

It is a question of which comes first, the buying or the selling.

This can happen in a situation where a taxpayer is planning to expand his business but because the availability of suitable land, buildings or other related factors, may require him to acquire a new property prior to arranging a sale of his present property.

These are real problems for a businessman. Dairy farmers in my area have 70 or 80 head of cattle. I do not know exactly how many. I see them every time I go down the road to my home from my office, but since they are all black and white and there are so many, I cannot count them. The principal objective in life of these farmers is to produce milk, not to try to work their way through this bill. We have to work our way through this 225-page book. I hope that when the time comes these questions will be answered. Supposing there is a capital loss—how would it be calculated?

● (1822)

Another matter which concerns me is the taxation of insurance loans. I was delighted that all members in this House and even the members on the government benches have made representations to the Minister of Finance to have that benefit tax taken away. Last night someone said that it was all done because of representations from the government side of the House. Mr. Speaker, that is poppycock: we all made legitimate representations; we have all heard from our constituents.

Taxing widows is outrageous. I do not know what the responsible public servant had in mind to get involved in this matter. The government has not backed off fully, just partially. I should like to quote from the minister's information sheet which was tabled along with his budget. It reads:

The government has decided to withdraw, pending further study, the proposal that would have made taxable a portion of the investment income on certain life insurance policies realized on death.

Apparently that has escaped our notice. What further study is required to eliminate that unjust imposition of taxing widows? No further study is required on that. It had better not show up again, because there will be another attack on it. Further, in relation to the taxation of policy owners, the minister indicated that the remaining proposals will go forward as originally proposed. There are two proposals, both of which require careful examination. An allusion has been made to them already. The information continues:

Despite the dropping of the death tax, Life Underwriters Association of Canada and its members must continue to oppose the highly objectionable proposals.

I share their position. The highly objectionable proposals are those to tax the alleged investment element at the time of a policy loan, and to disallow the deduction of interest paid on a policy loan in all circumstances. The last time I said "comprehensible", and somehow an "in" got in front of it. This time I say that it is incomprehensible that there would be a disallowance of the deduction of interest paid on a policy loan in all circumstances.

As the previous speaker mentioned, one can bring an insurance policy to his insurance company in order to borrow against it, and the interest charges will be non-deductible. One can take that insurance policy and go to the bank in order to borrow against it, and pay an interest rate of 12 per cent or 13 per cent, and the interest charges are deductible. Why the difference? It is clear. It has been described as an Alice in Wonderland theory that a policy loan is not a loan, and that policy loan interest is not interest. Not only is that unfair, it is fantastic. The language of life insurance policies clearly requires a policy loan to be repaid. It will be repaid. The insurance company is in the business of getting repayment of its loan. Anyone who has received a loan from an insurance company and does not pay it back, knows what happens. That is a fair deal: that is their business.

● (1827)

This nonsense about not being able to deduct the interest on a policy loan when it is taken out from an insurance company, but being allowed to do it when it is taken from a bank, using insurance as collateral, is absolutely beyond my belief.

I would like to deal with clause 116. It is on page 210. I have had to do a bit of my own indexing here. Clause 116 deals with supplementary borrowing authority and reads, in part, as follows:

The governor in council may . . . at any time before 1979, raise by way of loan . . . the sum of nine billion dollars, as may be required for public works and general purposes.

Mr. Speaker, would you believe me if I were to tell you that the total budget of this government when it first came to power was just $9.9 billion? Now it wants to borrow $9 billion. Its budget this year is over $40 billion. It has gone from, let us say, $10 billion in 1968 to $40 billion—$45 billion or $47 billion; I do not know. One loses count. Does anyone know how much $1 billion is? Tonight I heard some hon. member opposite say, "Oh, what is a zero or two?" When I resume tomorrow I am going to tell the House how much $1 billion is, and it will shake the House rigid. A billion dollars is a lot of bucks.

Mr. Speaker, may I call it 6.30?

The Acting Speaker (Mr. Ethier): It being 6.30 p.m., this House stands adjourned until two o'clock tomorrow afternoon, pursuant to Standing Order 2(1).

At 6.30 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Thursday, November 17, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR DETAILS OF FILE ON OPERATION "FEATHERBED"—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I apologize to the House because I have a slight case of laryngitis, I hope my voice can be heard. I rise on a matter of urgent and pressing necessity pertaining to operation "Featherbed" and to reports that a copy of the file is for sale at up to $200,000 and that espionage and investigation of high ranking members of the public service are involved. I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That the Solicitor General make an immediate statement as to whether the Prime Minister at any time attempted to have the file destroyed or the investigation which the Solicitor General yesterday termed as a legitimate activity stopped, whether the file indicates involvement of a foreign power in the security service of this country and that he explain the discrepancy between the Prime Minister's Tuesday statement that he had never heard of the file and his own admission yesterday that it does indeed exist.

Mr. Speaker: Such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

CONFLICTING STATEMENTS ON FILES INCINERATED—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, rise under the provisions of Standing Order 43. The Solicitor General (Mr. Fox) said in the House on June 21 of this year that "no material pertaining to any inquiry presently under way in the province of Quebec was destroyed" in the incineration of RCMP documents which took place in Montreal on June 3. He also said of the same material that it "had no value". Considering that Chief Superintendent Guy Marcoux, head of the criminal investigation branch of the RCMP in Montreal said yesterday about this same material that he "could not be sure that some of the documents burned did not refer to alleged activity of the RCMP", I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Solicitor General to make a statement on motions today explaining the serious contradiction which exists between his description of what was burned on June 3 and the statement made by Chief Superintendent Guy Marcoux yesterday and also to explain the circumstances which led to the report making the recommendation for the burning of these documents being prepared on May 23 of this year which was the Monday of a long holiday weekend.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

HOUSING

REQUEST FOR CONCLUSION OF AGREEMENT WITH PROVINCES ON INSULATION PROGRAM—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

Considering that insulation is one of the best means to save fuel; considering that the insulation program launched by the Canadian government is likely to encourage Canadians to insulate some types of dwellings; considering that it would be advisable to include other types of dwellings and that the implementation of the program requires the agreement of the provinces, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House urge the Minister of State for Urban Affairs to intensify negotiations with provincial authorities so that some agreements be concluded immediately to allow Canadian taxpayers to take advantage of that program and that the amount of the subsidy be also increased.

Mr. Speaker: Order. Under Standing Order 43, such a motion can be presented only with the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

EXTERNAL AFFAIRS

SUGGESTED REFERENCE TO COMMITTEE OF INTERNATIONAL JOINT COMMISSION REPORT ON GARRISON DIVERSION—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the final recommendations of the International Joint Commission are now in the hands of the government, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the subject matter of the International Joint Commission's recommendation regarding the Garrison diversion project be referred to the Standing Committee on Fisheries and Forestry in order that all members of this House have a meaningful input into the final position taken by the government of Canada.

Mr. Speaker: The presentation of such a motion pursuant to the standing order requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INCOME TAX

BREACH OF CONFIDENTIALITY OF TAX RETURNS—MOTION UNDER S.O. 43

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43. My motion arises from the disclosures today by Toronto broadcasters Charles Templeton and Pierre Berton that unauthorized individuals have been able to get their hands on confidential income tax returns of individuals. I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House expresses its concern about the apparent ease with which confidential tax information on individuals can be obtained by unauthorized people and requests the Minister of National Revenue to make a statement in the House at the earliest opportunity today explaining how such a breach of confidentiality could have taken place and what steps will be taken by the government to protect the privacy of individuals.

Mr. Speaker: Such a motion can be presented for debate pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

ROYAL CANADIAN MOUNTED POLICE

PROPOSED INVESTIGATION OF ELECTRONIC SURVEILLANCE OF CLAYTON RUBY—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of the same rule. In view of the report in the Wednesday, November 16 *Globe and Mail* that physical and electronic surveillance was placed by the RCMP on Mr. Clayton Ruby, a prominent Toronto civil rights lawyer and bencher of the Law Society of Upper Canada, for a period of two years and in view of the need to retain some vestige of solicitor-client privilege and the rule of law, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House requests the Solicitor General to conduct an immediate inquiry into these allegations and, if found to be correct, that appropriate charges be laid with regard to any wiretap violations or Criminal Code offences committed.

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*Translation*]

INDUSTRY

FOOTWEAR—SUGGESTED ADOPTION OF MEASURES TO PROTECT CANADIAN MANUFACTURERS—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing and urgent necessity.

In view of the tremendous difficulties experienced by Canadian shoe manufacturers and following numerous representations made by spokesmen for the Canadian Manufacturers Association who, once more, spoke to me about massive footwear imports in Canada, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House urge the government to take immediate action to protect Canadian manufacturers against surplus footwear imports on the Canadian market.

Mr. Speaker: Order. The House has heard the hon. member's motion. According to Standing Order 43, such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

ENERGY

INSISTENCE ON USE OF CANADIAN PIPE IN CONSTRUCTION OF NORTHERN GAS PIPELINE—MOTION UNDER S.O. 43

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity, namely the Prime Minister's statement in Hamilton yesterday to the effect that "the Canadian Steel Industry will have to be competitive if it expects its steel pipe to be used on the Canadian portion of the Alaska-Yukon natural gas pipeline."

In view of the fact that Canada has provided the United States with a land bridge to bring United States gas from Alaska to that country thereby saving it $6 billion compared to the only other route under consideration, and in view of the fact that one of the few benefits accruing to Canada from this project is the commitment of Foothills (Yukon) Ltd. that all pipe will be purchased in Canada, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the federal government to make it clear that it intends to hold Foothills (Yukon) Ltd. to its commitment and that it will insist that all the steel pipe used in the Canadian portion of the proposed pipeline will be produced in Canada in order to provide employment for Canadian workers.

Mr. Speaker: Order, please. Such a motion can only be presented for discussion pursuant to Standing Order 43 with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No!

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ACCUSATION BY CONSUMER MINISTER FORCE WITHHELD INFORMATION—NAMES OF OFFICERS INVOLVED

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is addressed to the Acting Prime Minister. Could he tell the House whether the Minister of Consumer and Corporate Affairs was stating the position of the government when he accused the Royal Canadian Mounted Police of deliberately withholding information from that minister and other Solicitors General?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, when the Minister of Consumer and Corporate Affairs talked to the press yesterday I think he talked about one situation that was completely public at the time he made a statement in the House, and later he had to say he had not received complete information. I think we always said we have a very good force in the RCM Police in Canada and I am delighted that the opposition is coming to realize all the damage they have caused the RCMP.

Mr. Clark: A supplementary question, Mr. Speaker. I realize that this government is going to do everything it can to prevent the minister from speaking for himself. So that we might be clear on the revised version of what the Minister of Consumer and Corporate Affairs said, is it now the position of the government that he was accusing the RCMP of deliberately withholding information from him only in one case and that he did not say that "it seems that they did withhold information from me and other solicitors general?"

Mr. Chrétien: Mr. Speaker, I think the Minister of Consumer and Corporate Affairs has said he has every intention of appearing before the McDonald Commission to discuss all the problems. I do not believe we would gain anything at this time by creating a controversy that will be investigated by the McDonald Commission in the very near future. We should leave it as it is to make sure that the commission can provide the House of Commons and the people with an interim report as quickly as possible in the new year.

• (1417)

Mr. Clark: Mr. Speaker, what the situation is now is that the Minister of Consumer and Corporate Affairs has made accusations outside the House which have the effect of smearing the reputation of the RCMP. The RCMP cannot defend itself in this chamber.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, government members joke about this.

Some hon. Members: Hear, hear!

Mr. Clark: My question to the Acting Prime Minister or the Solicitor General is: will the government now specify the names of those individual officers of the security services or the Royal Canadian Mounted Police whom the Minister of Consumer and Corporate Affairs said deliberately withheld information, so that the accusation will be specific to a few officers and not be a smear against the entire RCMP?

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, in no way did the minister say yesterday that the RCMP had deliberately misled him.

An hon. Member: Read what he said.

Mr. Chrétien: I had a discussion with the minister about it, and he has given me his word that he did not say that. He is more than willing and eager to appear in front of the royal commission to debate those things.

An hon. Member: Next year or the year after?

Mr. Chrétien: I am very pleased to see that the hon. Leader of the Opposition is changing his position and now wants to

protect the RCMP. He would have been well advised to start that two weeks ago.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

SUGGESTION OFFICERS ACCUSED OF WITHHOLDING INFORMATION APPEAR BEFORE COMMITTEE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the Acting Prime Minister's third answer is not consistent with his first answer. Would he be prepared to give us a guarantee now that those members of the RCMP, who have been accused by the Minister of Consumer and Corporate Affairs of withholding information from him, and to quote him, "other solicitors general", will be allowed to come before either a special committee of this House or the Standing Committee on Miscellaneous Estimates in order for them to defend themselves before parliament regarding the accusations made against them by a minister of the Crown?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, it was at the request of the opposition that the government decided in the summer to have an inquiry into the matter, and we have established the McDonald Commission. The former solicitor general will be there—

Mr. Baker (Grenville-Carleton): Shame!

Mr. Chrétien: Mr. Justice McDonald and members of the commission will have an opportunity to question the former solicitor general and everyone involved in it. I do not think the national security of the nation will gain anything by debating that in a committee of the House.

CONTRADICTORY REMARKS CONCERNING INCINERATING OF FILES—REQUEST FOR EXPLANATION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is supplementary to the question of what is said inside and outside the House about the security service. Last June the Solicitor General was very definite in some remarks he made in the House concerning the burning of some security files. Last night he was quoted in the media as saying something quite different, as I understood it. I wonder if he could explain this contradiction to the House now?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I would be delighted to have the hon. member say where I was quoted in the media as saying something different from what I said in the House.

An hon. Member: The CBC.

Mr. Lawrence: Mr. Speaker, my understanding of quotations last night on the CBC indicated that certain files, which should be available to the McDonald Commission and should be available also to the special committee of this House investigating this matter, if one is called, have been destroyed, irretrievably lost. This was the import of the media report last night on television and also in the daily press. This is quite contradictory of the statement by the minister on June 21, 1977, which reads in part as follows:

> . . . the files were incinerated in accordance with the normal policy of the force . . . these files dated back to the year 1966. However, I am informed that any information that was pertinent was transferred to the National Criminal Investigations Unit of the RCMP.

● (1422)

That certainly sounded like a direct contradiction. If I am wrong, I am certainly very pleased to have the minister correct it.

Mr. Fox: Mr. Speaker, as far as I am concerned, I had not been interviewed by the CBC National News last night. Perhaps the hon. member is referring to another statement that may have come out of Montreal which I believe the leader of the New Democratic Party attributed to an officer of the force in Montreal. As far as I am concerned, the statement I made in the House in response to the question on June 21 was as a result of inquiries I made with the force at that time. I have not been advised of any changes made with regard to what I indicated at that time.

NAME OF OFFICER INFORMING MINISTER OF INCINERATION OF FILES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the minister referred to some things I used earlier in today's proceedings. I have had that checked out. I am informed that the head of the criminal investigation branch of the RCMP in Montreal, a man by the name of Marcoux, said the following: He could not be sure some of the documents burned on June 3 did not refer to alleged illegal activity of the RCMP. On June 21 the minister assured the House none of the documents burned on that day, not the previous day, pertained in any way to the inquiry. The minister also said the documents burned had no value. You could not have a more flagrant contradiction.

This is an extremely serious matter which affects the federal inquiry as well as the provincial inquiry. I am sure the minister did not deliberately misinform the House last year. The other implication is that someone in his department, presumably at a very high level, misinformed the minister. Can he now inform the House who told him last June the information that he conveyed? Did he check it out this morning in light of this very serious contradictory statement made by a senior RCMP official in Montreal?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I am not completely convinced that a contradictory statement has been made by a senior police officer in Montreal. The hon. member has drawn my attention to a statement allegedly made by Mr. Marcoux in Montreal yesterday. I will be pleased to check it out. As far as I am concerned, information I gave to

the House at that time was information provided by the RCMP. Once again, I have no indication that that information was not correct.

Also, in the course of my reply in the House, I believe I indicated that no material was destroyed which was in the possession of the security service and no material pertaining to any inquiry underway in the province of Quebec was destroyed during the course of that consideration. I also wish to bring back to the memory of hon. members that following that consideration, the fact that it was brought to the attention of the House, a very strict directive was issued by the Commissioner of the force indicating that no further destruction of files of any kind was to take place during the period of time the inquiries were under way. I will of course get back to the police officer who made that statement in Montreal to see whether he may have information which was not available to us at that time.

DATE OF FILES INCINERATED

Mr. Edward Broadbent (Oshawa-Whitby): The minister at the same time last June left the clear impression with the House that all the documents that were destroyed dated back to a time well in advance of the 1972 break-in in Montreal. It was alleged last night by the same officer that the documents that were destroyed on June 3 were as recent as documents up to 1974, which included all the crucial documents that the federal inquiry would need and that the provincial inquiry would need. If they have been destroyed, I think the minister will agree that could make a complete farce of the inquiry. Will he then check with his officials to find out why he told the House the documents that were destroyed were in fact documents pertaining to a much earlier period?

Hon. Francis Fox (Solicitor General): Mr. Speaker, as far as documents being destroyed are concerned, any documents relating to allegations or accusations made against the force have been made fully available. The instances that have been related to the House over the past few days were related in good part insofar as the illegal operation was concerned to the Keable commission in Montreal and also to the McDonald royal commission in Ottawa. The same, of course, pertains to the allegation of break-in into the building which housed the computer tapes of the Parti Québécois.

● (1427)

As far as the dates of the documents are concerned, the CBC report in that regard is quite correct. I indicated in the House last summer that they dated back to 1966 in the sense that the oldest document destroyed dated back to 1966. I understand that the documents do go up to the period 1972-1973—I would have to check as to the exact date. I remind the House once again that there is a whole series of documents within the force, as in any other government department, with respect to which a normal policy of destruction is followed. I indicated at that time that the destruction which took place in Montreal had been carried out further to an audit which had been done in Montreal following a report given to the commanding officer of C Division, Montreal, indicating it was time that certain documents should be disposed of in accordance with normal force procedures.

Mr. Broadbent: In his answer in the House, the minister said the material dated back to 1966. But I would remind him he was responding to a question which specifically asked him whether there was any more recent material relating to 1971, 1972 or 1974. His reply clearly implied there was not—that, for example, there was no material relevant to the inquiry which had been set up a few weeks previously in Quebec. The hon. gentleman cannot have it both ways.

There seems to be a clear contradiction between what is now being said in Montreal and what the minister said in reply to the question put to him. I would like him to look into that.

My final question is this: would he inquire into the immediate steps which led to the order for the destruction of these documents being given on May 23. May 23, as the minister may now know, was the Monday of a long weekend. It would seem unusual to many Canadians that an order for the burning of the documents would be made on that particular day. Would the minister inquire on whose authority that order was given and why it was given on that particular day?

Mr. Fox: I remember seeing the report of the auditor which I asked to see at that time and it is my understanding that it was indeed dated May 23. I would have to check to see whether the officer in question worked on May 23; there are some police officers in the country who do work on May 23.

Mr. Broadbent: Burning documents?

* * *

[*Translation*]

INDUSTRY

FOOTWEAR—SUGGESTED ADOPTION OF MEASURES TO PROTECT MANUFACTURERS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In a telegram addressed to the government on July 29, 1977, the Shoe Manufacturers' Association of Canada asked the government to impose severe quotas on footwear imports, particularly imports of shoes for ladies and little girls.

Mr. Speaker: Order, please. This question is directed to the hon. Minister of Industry, Trade and Commerce.

Mr. Beaudoin: In a letter dated November 15, 1977, the association reminds me of its dissatisfaction with the measures taken by the government and by the former Minister of Industry, Trade and Commerce. Therefore, I should like to ask the hon. minister whether he is aware of this telegram and whether he intends to go much further to save this industry and the thousands of workers whose jobs are in jeopardy?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am aware of the telegram and the department has attempted to reach bilateral agreements with Taiwan, South Korea, Brazil, Spain and the European Common Market, particularly Italy, with regard to their exports of footwear to this country. I can inform the hon. member we have not been entirely successful in that approach. I have placed a document on footwear before the cabinet and hope to have a decision very soon.

[*Translation*]

FOOTWEAR—REQUEST FOR MEASURES TO PREVENT DUMPING

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a supplementary. Considering that the bilateral discussions with the underdeveloped countries where wages are low did not produce the results expected by the government of Canada and particularly by the Department of Industry, Trade and Commerce, can the minister tell the House whether the government intends to take extremely severe measures against the import or near dumping of footwear which hurts the Canadian markets, and particularly whether the government will take measures to inform the public that shoes imported from these countries are similar to those which are made in Canada but that the quality is different?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): We can, indeed, take action under Article 19 of GATT but the hon. member must realize that if we do so we might well have to pay for it. In paying for it, part of the footwear industry of Canada, and that is in Ontario and the province of Quebec, will have to pay through loss of exports. Therefore, the good part of the industry might have to pay for the bad, and that is the difficult position in which we find ourselves.

* * *

● (1432)

INCOME TAX

BREACH OF CONFIDENTIALITY OF TAX RETURNS—GOVERNMENT ACTION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Minister of National Revenue. In view of the very startling revelations made today by Toronto broadcasters Charles Templeton and Pierre Berton that it is possible for unauthorized individuals to get their hands on the confidential tax returns of virtually any Canadian; information which is given to the Department of National Revenue on the basis that it is to be kept confidential and secret, would the minister explain why there is such laxity in his department's security regulations that this could take place, and explain what actions are being taken by his department to ensure that information which is given to the government on a confidential basis is kept confidential and not available to unauthorized individuals?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I learned of this very serious offence this morning through a radio broadcast in Toronto. I am extremely concerned, as I am sure are all Canadians.

Some hon. Members: Oh, oh!

An hon. Member: You had it prepared.

Mr. Guay (St. Boniface): I should like to repeat, this is a very serious offence against the Income Tax Act. My cabinet colleagues have met this morning, and the RCMP has been asked to launch an immediate investigation.

An hon. Member: Here we go again.

Some hon. Members: Oh, oh!

Mr. Guay (St. Boniface): It is hoped that this investigation will be complete, swift and as soon as possible, and that the person or persons involved will be subject to the prosecution which is provided under the Income Tax Act.

I have also ordered an immediate increase in security procedures in revenue offices across the country, and have ordered the 20 directors in the various offices to take steps to review and tighten security.

Some hon. Members: Hear, hear!

Mr. Beatty: Mr. Speaker, I find it hard to take the hon. member seriously. Could he tell the House whether he has asked his officials how it is possible for an individual who is not authorized, but as a private citizen, to simply call up a telephone number and ask to have the private and confidential information on the tax returns of individuals, information given to the government on a confidential basis? Would he indicate how extensive this sort of violation of individual confidentiality has been in the past, and what specifically is being done by the minister today to eliminate this particular breach of security?

An hon. Member: He has told you.

Mr. Guay (St. Boniface): Mr. Speaker, I hope I will not have to repeat what I have already said.

An hon. Member: You are not alone.

An hon. Member: Hear, hear!

An hon. Member: Do it again, Joe, in French.

[*Translation*]

Mr. Guay (St. Boniface): Mr. Speaker, if the hon. member has all the information he pretends to have, I think he should have got in touch with me because I was in the House all day since very early this morning and no information has been brought to my attention or to the attention of my officials.

In answer to his question—

[*English*]

Apart from the anxiety this has caused Canadians generally, it also is of great concern to the thousands of loyal employees of the revenue department who traditionally protect the confidentiality of tax information. I should like to express, Mr. Speaker—

Mr. Speaker: Order, please.

Mr. Beatty: Mr. Speaker, this is painful.

Some hon. Members: Hear, hear!

Mr. Beatty: What is surprising is not how much I know as an individual, but how little the minister knows as the minister.

Some hon. Members: Hear, hear!

Mr. Beatty: Mr. Speaker, I would ask the minister this one simple question which I think he can answer with a yes or no. When he was made aware of that this morning, and Mr. Templeton and Mr. Berton have indicated they contacted the Prime Minister's office to alert him of the fact that they were going to be making this revelation, did the minister not today contact his officials to find out how it is possible that an individual could simply call up a number of a government office, request information and have it handed over to him? That does not require an investigation by the Mounties. Can he not answer that?

Mr. Guay (St. Boniface): Mr. Speaker, I should like to say that the hon. member has the ability to repeat the same question three times. I would like to assure you, Mr. Speaker, that I have been in good discussion with officials of my department, and in good discussion with my cabinet colleagues, including the Acting Prime Minister, and you can rest assured that the situation is in good hands and is being investigated by the RCMP, as I mentioned a while ago.

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THE MINISTRY

ACCEPTANCE OF PRINCIPLE OF MINISTERIAL RESPONSIBILITY—GOVERNMENT POSITION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Acting Prime Minister. In view of the extraordinary statement made by the Minister of Consumer and Corporate Affairs last night in Montreal, dealing with matters that came within his jurisdiction when he was solicitor general, is it a principle accepted by the members of this present government, as it has been accepted by members of every other government that ever served this country, that a minister accept the full responsibility for the actions of those who work for him in his department and in affiliated agencies, and does not whine publicly about his ignorance of matters with which, if he had been doing his job properly, he would have been thoroughly familiar?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, the rules of ministerial responsibility are quite clear and, as I said earlier, the matter which the Minister of Consumer and Corporate Affairs has been referring to is only an incident which took place here when he answered a question and subsequently had to rectify his answer because he had not been made aware of all the information regarding this case. This kind of thing happens from time to time when we are not fully aware of a case or when the information does not concord.

After all, what matters is that, in all circumstances, the minister and the government took their responsibilities. That is why, if there were some mistakes in the past, we sincerely hope that the McDonald Commission will help us find a better way to ensure our national security objectives and place the RCMP in a position where it can always serve the best interests of all Canadians.

[*English*]

Mr. Hees: Mr. Speaker, I would ask the Acting Prime Minister to clarify this whole matter for the House and the country and not wait for what may be months before the McDonald commission gets around to this matter. Will he have his colleague, the Minister of Consumer and Corporate Affairs, take the first opportunity, preferably today, of making a forthright statement to the House as to exactly what he did say? If this government does accept a principle like that accepted by all governments in respect of ministerial responsibility, will the Acting Prime Minister have his colleagues in the present government start acting like men instead of weasels which hide behind the coattails of responsible civil servants?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

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[*Translation*]

FISHERIES

POSSIBILITY OF RE-ESTABLISHING ATLANTIC SALMON FISHERY

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. In answer to the request of fishermen from eastern Quebec and much of the Maritimes, does the minister intend in 1978 to re-establish salmon fishing which was abolished some seven years ago and, if so, could he outline briefly the conditions by which the fishermen who are interested in that kind of fishing will have to abide?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, as I said previously in answer to a question from the hon. member for Northumberland-Miramichi, we intend to open the salmon fishing season in the Atlantic for a short period of time, surely shorter than before prohibition six years ago. Details on that are being discussed

with representatives of fishermen's associations, and I will be pleased to convey information to the House when we have come to a common position.

* * *

● (1442)

[*English*]

INCOME TAX

BREACH OF CONFIDENTIALITY OF TAX RETURNS—GOVERNMENT ACTION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wish to return to the question asked earlier in connection with the revelations made in the city of Toronto by two most responsible and reputable individuals.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I would like to ask the Acting Prime Minister—I will wait until he finishes his consultations. I suggest that if he is getting legal advice from the Minister of Justice, he should go elsewhere.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I would ask him to realize that it is 60 years ago this month that the Income Tax Act was placed on the statute books of this country and in all these years there has not been a more shocking revelation than the one that is now being looked at. I ask him this—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, I find that these gentlemen over there, unidentified and unidentifiable, have a way of trying to howl down the opposition.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I ask him this: Will he now say something regarding this matter? Apparently he has been in consultation with the Minister of National Revenue. What is the present position? Is there any suggestion whatever—and I do not think there can be—that the revelations are not correct? What are you going to do about it instead of postponing action? What are you going to do today so that Canadians will not regard it as being an open season on their income tax returns? The Minister of State for Federal-Provincial Relations smirks!

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, like the Minister of National Revenue I am extremely concerned about this revelation. The Minister of National Revenue has been in touch with his officials this morning and we have asked for information about this because no previous information has been available to the department on this. Right away the Department of National Revenue contacted the RCMP because we consider this matter to be extremely serious. It is another great institution which is perhaps at this moment under attack.

Some hon. Members: Oh, oh!

Mr. Chrétien: The Department of National Revenue has always served the interests of this nation very well in keeping all the information extremely confidential. I hope that the RCMP will be able to find the individual who has committed the crime of revealing this information and, as the Minister of National Revenue has said, that the individual or individuals involved will be prosecuted very severely because we cannot allow anyone to tamper with the tax returns of Canadian citizens.

Mr. Diefenbaker: The minister suggests that a department of the government is under attack. It is the maladministration of this government that is under attack.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I ask him, has he been in touch with these two reputable persons in Toronto to ascertain from them the basis for the copyright article which they have put before the public? It cannot be brushed aside and it requires immediate action. Has he been in touch or has anyone from among his officials or those of the Department of National Revenue been in touch with the two persons? This is a damnable situation which has been revealed and it cannot be laughed off or brushed aside.

Mr. Chrétien: I share the concern of the right hon. member and I have asked people who are probably the best equipped to deal with criminal offences, namely, the RCMP, to look into the matter right away. This is a group of law enforcement officers in Canada in which I have complete confidence, and I think it is the best door on which I could knock at this moment. Of course, if I have to speak to Mr. Templeton and Mr. Berton, I would be willing to do that, but I hope that those individuals and other people who have known about this for more than 24 hours will collaborate to the maximum—

Mr. Broadbent: Including the Prime Minister.

Mr. Chrétien: —with the law officers of the Crown, the RCMP, in order to make sure that everyone who is guilty of anything is prosecuted as quickly as possible. One thing that is perhaps a little bit suprising—

Some hon. Members: Order.

Mr. Chrétien: This thing has been in the mill since Sunday and I have asked the RCMP if they knew anything about it. They have told us that they did not know anything until the program came on the air this morning. Perhaps some individu-

als would have been well advised when they heard about this in the first instance to communicate with the RCMP.

Some hon. Members: Hear, hear!

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ENERGY

USE OF CANADIAN PIPE IN CONSTRUCTION OF NORTHERN GAS PIPELINE—POSSIBILITY OF CHANGE IN POLICY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Acting Prime Minister and it arises out of a statement attributed to the Prime Minister made yesterday in Hamilton that:

> The Canadian steel industry will have to be competitive if it expects any of its steel pipe to be used on the Canadian portion of the Alaska-Yukon natural gas pipeline.

In view of the fact that Foothills (Yukon) has repeatedly committed itself to purchasing all its steel pipe from Canadian steel producers, who changed this policy of securing all the pipe for the Canadian portion of the pipeline from Canadian steel mills? I want to ask him whether this reversal of policy has come about as a result of pressure from the U.S. government, and did the Canadian negotiators enter—

Mr. Speaker: Order, please. The hon. member is now on his third question already. I think two at the most should be taken at a time.

Hon. Jean Chrétien (Acting Prime Minister): I have not read the statement of the Prime Minister. Perhaps I can ask the Minister of Labour who was there to answer that question, but the way I understand the question, there was no change in the policy of the government that led the Prime Minister to make that statement. Perhaps the Minister of Labour can answer that question.

Hon. John C. Munro (Minister of Labour): Well, Mr. Speaker, I think the hon. member is, unintentionally of course, misinterpreting the Prime Minister's remarks. I was there. He said that of course there is a preference for Canadian steel. I was very glad to hear that, as I am sure the whole House is, in terms of employment for Canadians. But the firms have to be competitive. Obviously, it is not at any cost, and the Canadian steel industry knows this. They are very proud of the fact that they are competitive and they will be competitive.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): The statement of the Minister of Labour simply confirms what the Prime Minister said yesterday, that is:

> . . . the federal government will not make consumers pay more for their natural gas by using Canadian steel if it is priced higher than steel from other countries.

In view of the fact that the primary purpose of this pipeline is to take Prudhoe Bay gas from Alaska to gas consumers in the United States—not to Canadian consumers but to U.S. consumers—does this mean that the government is more concerned about protecting the interests of American gas consumers than they are about protecting the jobs of Canadian workers?

Some hon. Members: Hear, hear!

Mr. Munro (Hamilton East): The answer is unequivocally no.

PROTECTION FOR CANADIAN COMPANIES FROM SUBSIDIZED BIDS ON PIPE FOR NORTHERN GAS PIPELINE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the Minister of Labour has just given an answer that Canadians are to receive preferential treatment. The fact is that before the National Energy Board and in all other statements made by Foothills, Canadian companies were to get all the steel business. I want to ask the Acting Prime Minister, in view of the fact that U.S. Steel Company has just got an order for 80,000 tons of steel for a pipeline to Mexico at knock-down prices which Canadian steel companies say are 20 per cent below the going price, assisted undoubtedly by the DISC program in the United States which subsidizes these companies in order to get into foreign markets, what protection will there be for the Canadian steel producers in this country if these bids are open to competition from the United States and Japan?

● (1452)

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I am informed there is a provision to the effect there will be no dumping in those circumstances and that we are well protected against the danger to which the hon. member refers.

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TARIFFS

SUGGESTED REFERENCE TO COMMITTEE TO ENABLE HORTICULTURAL INDUSTRY TO MAKE RECOMMENDATIONS

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I would like to direct my question to the Minister of Finance. In 1973 the Tariff Board of Canada was asked to look into the requirement of duty for horticultural products and horticulturally-processed products in the field of agriculture. After four years we have only a summary of the recommendations of that board. Would the minister arrange a reference to a committee of the House so that the horticultural industry might present its claims with respect to the deficiencies of the recommendations of the Tariff Board? There is no time for any means whereby their requirements might be made public.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will be pleased to consider this possibility and if it is the best way to solve the problem we might accept the suggestion of the hon. member.

[*English*]

Mr. McCain: Mr. Speaker, I appreciate the minister's answer, but in view of the fact that some of the positions which we have taken are to be tabled and revealed to those with whom we will negotiate in the very near future, would the minister try to give this House an answer not later than tomorrow about the committee to be set up, how many negotiators can be present and how many agricultural interests he will allow to be represented?

Mr. Chrétien: Mr. Speaker, I undertake to give an answer to the hon. member tomorrow.

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TOURISM

FEDERAL AID FOR INDUSTRY

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce who is also responsible for tourism. At a recent meeting in Toronto the minister spoke to the tourism industry and was very critical of the industry. He blamed the declining tourism in Canada on the industry itself, which is a complete contradiction of a series of resolutions the travel industry passed at a convention in Edmonton last May where, among other things, the federal government was asked—

Mr. Speaker: Order, please.

Mr. McKenzie: I would like to ask the minister—

Some hon. Members: Order.

Mr. McKenzie: What is the problem?

Mr. Speaker: Order, please. The hon. member for Fort William.

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TRANSPORT

ST. LAWRENCE SEAWAY—POSSIBILITY OF PUBLIC HEARINGS ON PROPOSAL TO INCREASE TOLLS

Mr. Paul E. McRae (Fort William): Mr. Speaker, I have a question for the Minister of Transport. Considering the strong opposition to the doubling of seaway tolls and the inequity that exists between Canadian and American users in that the latter group have public hearings and the Canadian users do not—as a matter of fact, Canadian users have to appear before the American tribunal to have their views aired—is the minister considering a referral of the matter of toll increases to the Standing Committee on Transport and Communications or some impartial body? If not, what is he considering in terms of allowing Canadian users to have open hearings so that their views can be heard in an open environment?

[Mr. Chrétien.]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the users interested in putting views forward had the very fullest of hearings before the seaway officials and also in many cases through representations to me directly so that all their views could be taken into account.

As I have said before in the House, it is recognized that those who have to pay a freight rate or a toll are always happier if that toll or rate is low, and that is not surprising. We are in the final stages of discussing with the United States the appropriate course to attempt to put this great waterway on an appropriate basis for its financial viability, and I hope that we will be reaching a conclusion about that in the very near future.

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ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR STATEMENT BY FORMER SOLICITOR GENERAL CONCERNING ALLEGED WITHHOLDING OF INFORMATION BY FORCE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. It arises out of an answer given by the Minister of Finance a few moments ago in which he referred to an incident. This question is to the minister in his capacity as a minister of the Crown. The Minister of Finance indicated that the incident referred to in the minister's statement last night was one incident, whereas in the quotation of the minister the minister has said that "it seems that they," referring to the RCMP, "did withhold information from me and from other solicitors general," indicating that this was a course of conduct, which is quite an accusation against the RCMP if it is true.

In his capacity as a minister of the Crown and knowing that all of us in this House are interested in hearing from him, would the minister undertake to make a statement on motions today to indicate to the House what he was referring to, the number of incidents he was referring to and what officers of the RCMP he was referring to so that they can clear themselves? Would he take the opportunity?

Mr. Speaker: Order, please. Even if the present Minister of Consumer and Corporate Affairs were to attempt to answer that question, I would rule that he could not. I think questions of that sort can be properly put only to the Prime Minister, the Acting Prime Minister or the present Solicitor General. In fact, questions of that sort have been put already. If the hon. member has a supplementary to those questions—

Mr. Baker (Grenville-Carleton): I have a supplementary, and I do not want to offend the rules, Sir. It is a difficult thing, but let us assume the accusation is true. Will the Acting Prime Minister—because there is time now—consult with his colleague the Minister of Consumer and Corporate Affairs to see whether he will make a statement on motions this afternoon—which is coming up in just a few moments—as to what he meant by the allegations which are attributed to him by

responsible journalists and responsible newspapers as to his relationship with the RCMP?

As part of that question, does the Acting Prime Minister, as the acting leader of the government today, feel that his colleague is discharging his duty as a minister by failing to take an opportunity to make a statement on motions as opposed to some other course of action? In other words, does the Acting Prime Minister not feel that it would be appropriate in these circumstances for this matter to be cleared up as soon as possible?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I said many times earlier in the question period that the minister is more than willing to testify before the McDonald Commission.

Mr. Hees: Several months from now.

Mr. Chrétien: I do not think that the security of the state or the police would gain anything by having these questions debated in the House. I think there has been enough of that kind of questioning and that it would be in the best interests of the nation to ask the McDonald Commission to look into this as quickly as possible and to report very soon to the House of Commons.

An hon. Member: In three years?

Mr. Chrétien: We think this kind of thing hurts a very good body of the Canadian public service, the RCMP, too much.

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THE MINISTRY

MANNER IN WHICH MINISTERIAL RESPONSIBILITY IS DISCHARGED—GOVERNMENT POSITION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, is it, then, the view of the Acting Prime Minister on behalf of this government that the doctrine of ministerial responsibility, which many of us think is in tatters, can be discharged by a minister going to a body outside this House of Commons and there answering allegations against himself? Is it the view of this government that that is the way to discharge ministerial responsibility?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, all questions with regard to these matters can be asked of the Solicitor General. I talked with the Minister of Consumer and Corporate Affairs at noon, and he referred to one incident which was debated publicly in this House.

An hon. Member: Let him speak.

Mr. Chrétien: I think the fact that the matter comes up two or three years later does not change the substance of what happened, so I have nothing else to add at this time.

POSSIBILITY OF FORMER SOLICITOR GENERAL APPEARING BEFORE COMMITTEE

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a supplementary question to the Minister of Consumer and Corporate Affairs. Would the minister be prepared to clear up this very serious matter—very serious charges have been made by the minister—by appearing before the Standing Committee on Miscellaneous Estimates when that committee has before it a supplementary estimate dealing with the Department of the Solicitor General so that this matter can be clarified by the House?

Mr. Speaker: Order, please. That is a matter which can be taken up when the committee is in session, and I do not think it is a question which can be put to this minister in his current capacity.

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INCOME TAX

BREACH OF CONFIDENTIALITY OF TAX RETURNS—GOVERNMENT ACTION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask a question arising from the question put by the right hon. member for Prince Albert. The Minister of National Revenue seemed to treat this matter very lightly. I would like to know to what office Pierre Berton and Charles Templeton were referring and whether that office is under some degree of surveillance. What is being done to protect confidentiality?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I did refer to security in my previous answer. With regard to the comments made by the right hon. gentleman concerning two well-known and good Canadians, Charles Templeton and Pierre Berton, I hope they will fully co-operate with the investigation taking place so that we can get to the bottom of this very serious matter. I should like also to say I am rather puzzled and surprised that the Leader of the Opposition did not contact the RCMP. Why did he not contact my department or myself to see what we could do? I want also to request his co-operation as well as that of members of his party who know something about it so that we can get to the bottom of it?

● (1502)

Mr. Woolliams: Mr. Speaker, I have never heard such verbicide. I asked a simple question and I will put it very simply again. What office disclosed that information? Surely that question can be answered yes or no without the minister reading from a memorandum from his department.

Mr. Guay (St. Boniface): When I know that, Mr. Speaker, I will let you know and also the hon. member.

ACTION TO PREVENT FURTHER BREACHES OF CONFIDENTIALITY OF TAX RETURNS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): A supplementary question, Mr. Speaker. In view of the very serious suggestion that has been made that credit bureaus and others who want it can get tax information, can the minister assure the House that he has taken action now to adjust the existing procedure so that there will be no further incidents such as have been reported by Messrs. Templeton and Berton? Can the minister tell the House that he has taken action to prevent any further disclosures of the type indicated by this broadcast?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I should like to repeat that we have tightened the security and are trying to find out where that particular problem is. When I do, Mr. Speaker, I shall let you know.

INQUIRY WHETHER PRIME MINISTER INFORMED MINISTER OF BREACHES OF CONFIDENTIALITY OF TAX RETURNS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): A final supplementary question, Mr. Speaker. Will the minister indicate to the House whether the Prime Minister, who was contacted before the broadcast, has informed him of the communication from Messrs. Templeton and Berton that was also conveyed to the Leader of the New Democratic Party before the broadcast, so that they on that side of the House may co-operate with the authorities to get to the bottom of this matter?

Hon. Joseph-Philippe Guay (Minister of National Revenue): As I said before, Mr. Speaker, I was only alerted to this this morning. We are acting accordingly and as quickly as we possibly can. If the hon. Leader of the Opposition had known about it before why did he not bring it to my attention? By now I would have had an answer for him.

* * *

PRIVILEGE

MR. CLARK—STATEMENTS OF MINISTER OF NATIONAL REVENUE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a brief question of privilege relating to some of the recent statements of the Minister of National Revenue who has tried to excuse his conduct of the affairs of his department. I should simply like to put on the record of the House a certain chronology of events.

I am sure the minister, being the competent minister he is known to be across the country, will already have read the transcript of the remarks of Mr. Berton and Mr. Templeton. He will know that the contact with me was made before there was verification of the contents of the particular file relating to me. I became aware of the verification this morning at roughly 11.15, an hour and ten minutes after the matter was broadcast. I am told that the Prime Minister's office was advised well before that time.

[Mr. Guay (St. Boniface).]

If the Minister of National Revenue wants to inquire why members of parliament who became aware of this matter did not bring it directly to the attention of the government itself, perhaps he should deal directly with the office of his leader to find out why they did not advise him before the matter was broadcast.

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I was Acting Prime Minister this morning, and nobody informed me of anything until the Minister of National Revenue—

Some hon. Members: Oh, oh!

Mr. Chrétien: They do not want to know the truth. The Minister of National Revenue informed me of the problem. I had a meeting with him and his officials in the cabinet room, and I have given all the facts to this House. What is extremely important is for everyone involved in a situation like this to act immediately. No one can reproach the Minister of National Revenue, the deputy minister or other officials who did not know anything about it. I asked the RCMP if anyone had informed them, and I am informed they knew nothing about it. If the hon. mumber learned anything about it before this morning, I should like to know. If not, I am happy it is not as some people have said, that perhaps he knew about it before. I accept his word that he did not know anything about it before this morning. I am very satisfied, but that is not what somebody has led me to believe.

Mr. Clark: You accept my word?

MR. BALDWIN—MINISTERIAL RESPONSIBILITY

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to raise a very important question of privilege inherent in the answer given by the Acting Prime Minister to the hon. member for Grenville-Carleton. I shall be very brief, but that does not mean it is not a very important question.

The question of ministerial responsibility is one which this government has sought to bring forward to defend its actions over the last tumultuous two weeks. As I interpreted the answer of the Minister of Finance, as leader of the government in this House today, he is saying it is adequate, to meet the charge of ministerial responsibility, for a minister to appear before a body outside this House, a body appointed by the government and with terms of reference established by the government. He says it is adequate for a minister to meet the question of ministerial responsibility by answering to that body.

I suggest to Your Honour that the powers and privileges of this House have been sadly reduced over the last eight or ten years by this government. One of the few left should surely be the right to demand that this House, on behalf of the people of Canada, may hold a minister accountable on the basis of ministerial responsibility.

If what the Acting Prime Minister has said is to be taken at its face value—it was a direct answer to a direct question—that has gone by the board. If that is the case, then I suggest

we in this House are entitled to know it. I would think that the Acting Prime Minister must be prepared—if not now, certainly within the next day or so—to let this House know if that is the way the government views the question of responsibility. If, in their view, it is sufficient that a minister can go to some outside body and in secret, if necessary, give testimony and meet the question of ministerial responsibility, then this House might as well pack up and go home.

An hon. Member: Right on.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have been endeavouring to get the floor on what I was going to call a point of order. It is closely related to the issue raised by the hon. member for Peace River, however, so perhaps I could endeavour to make now the point of order I have in mind.

Several times during the question period interest and concern were expressed in the statements made outside the House by the Minister of Consumer and Corporate Affairs regarding matters that related to his former responsibility as a solicitor general. Members have tried to avoid offending the rule that says we cannot ask ministers questions relating to something for which they are not now responsible, and yet parliament seems to have been put in this position—supreme though we are, as we tried to say yesterday in another connection—that we cannot do on the floor of the House what a reporter can do outside the House.

It seems to me that somehow or other a way ought to be found for the Minister of Consumer and Corporate Affairs to make a statement to this House concerning the matters that were within his knowledge when he was solicitor general, particularly in view of his statements outside the House. I am fully aware of the rule, and Your Honour has to guard it very carefully, but I would point out that upon occasion, usually after consultation with the House leaders of all parties, variations in the procedures have been made to meet a particular situation. One that came to mind when I was thinking about this matter, and which I looked up, occurred during the course of what was called the judges' affair. On two occasions during those days, once on March 12, 1976, and again on March 16, 1976, after consulting with the House leaders Your Honour varied the rule respecting motions made under Standing Order 43.

• (1512)

I am not trying to say that Your Honour varied the rule about questioning ministers on things which were their former responsibility, but Your Honour did vary another rule because the House was particularly concerned about the matters then being discussed.

On March 12, instead of waiting until three o'clock Your Honour permitted the hon. member for Westmount, the Minister of State for Federal-Provincial Relations and the Minister of Finance to make statements which had no relation to matters which were then part of their responsibilities. The House was concerned. Then statements were made by hon. members on this side of the House.

On March 16, 1976, when the Minister of State for Urban Affairs had resigned that morning from his position as minister of consumer and corporate affairs, he was permitted not only to make a statement but he was permitted to make it at a time reserved for motions under Standing Order 43. It was at the end of that statement that he told us his resignation had been submitted that morning. We agreed to that, and comments were made afterwards. My point is: the rules, practices and procedures of the House were varied, by consent, because the House had a particular interest in the matters then being discussed.

There is no doubt of the interest of the House these past few weeks with respect to matters related to the RCMP and to the relationship between that body and the Solicitor General. Now we have a minister of the Crown making statements outside the House that are extremely relevant to the whole situation, and yet somehow or another our rules seem to prevent us from asking him questions or getting any information out of him. To say he will appear before the McDonald commission of inquiry is not very satisfactory. It is not recognizing the supremacy and the importance of this House. We have not even had the assurance that he will appear before a committee. Even that would not meet the immediate interest of the House of Commons.

My point of order is that surely common sense calls for us to have at least the rights in this House which reporters have outside. I would ask Your Honour to consult the House leaders of the various parties to see if an arrangement can be made for this interest of the House to be met in order for the Minister of Consumer and Corporate Affairs either to make a statement and be questioned after it, or be questioned with respect to matters within his knowledge because of the responsibility that he held for them.

I am happy to raise this point of order in association with the question of privilege raised by the hon. member for Peace River, because I think his concern regarding what has happened to ministerial responsibility is very serious and very important. I think we should do something about it and not let our procedures stymie us completely.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am very happy to be able to make a submission with respect to this matter. As I tried to say in the submission I made in the question and the preamble to the question, earlier in the question period the Minister of Finance, when talking about the incident referred to by the Solicitor General in his statement outside the House, inferred in his answer that it was one isolated matter of an accusation made by the former solicitor general against the RCMP, that they had in fact lied to him on one occasion. That was the inference.

In any event, it is very clear from the newspaper clippings and from what I saw on CTV last night that it was more than one incident. I attempted to quote what the Solicitor General

said about what the RCMP had either said or failed to say to him, which was a pretty strong accusation against the police. He said, "It seems to me that they did withhold information from me and from other solicitors general". Because there seemed to be some discrepancy concerning what was being said by a minister who did not make a statement outside the House with respect to a statement made outside the House, or purported to have been made outside the House, I asked him not to comment on his answer as to the truth or not of the statements attributed to him, but whether, as a member of the ministry, he would take advantage of the opportunity provided him by the rules of this House to come to the House and make a statement. If he came to the House and made a statement, there would be opportunity to question him specifically with respect to that which was contained in the statement. That was the purport of the question.

I realize Your Honour has to make instant judgments, but you did rise in your place and that question was not answered. Therefore, at this moment we do not know whether a minister of the Crown is prepared to come forward and give us the details surrounding those statements made by him outside the House about which there has been some confusion today on the floor of the House of Commons.

Perhaps I put it to Your Honour inarticulately, but I attempted to indicate that I was asking the minister a question in his capacity as a member of the government. During the judges' affair the hon. member for Westmount was questioned, as a member of the government, with respect to incidents which did not fall under his then ministerial responsibility. Yesterday in the House of Commons the hon. member for Oshawa-Whitby asked a question of the Secretary of State for External Affairs. It concerned a matter which the Secretary of State for External Affairs indicated that it would be drawing rather a long bow to have the answer to the question in his ministerial capacity. It is on that basis—

Mr. Speaker: Order, please. The hon. member for Grenville-Carleton is dealing with a point which concerned me, as well, yesterday. Perhaps I should clarify that for the House. As the hon. member has said, I am required to make instant judgments, but yesterday the preamble to the quesion began with some reference to negotiations by the hon. Secretary of State for External Affairs over the weekend. I have not verified the record, but that was the beginning of the question.

With that in mind, of course I had no way of knowing whether the negotiations referred to were domestic negotiations concerning the minister's political area of activity, or whether they were in fact ministerial in nature. Until the minister rose in an attempt to answer, I was not sure. Therefore, I could not tell from the question what area of responsibility was involved.

Mr. Baker (Grenville-Carleton): Mr. Speaker, in order for the House to understand the situation, the hon. member for Oshawa-Whitby is reported in *Hansard* as saying the following:

[Mr. Baker (Grenville-Carleton).]

As the minister knows, the House is currently debating a bill which gives about $1 billion in tax concessions to corporations ostensibly to create jobs.

That was the preamble to the hon. member's question which was directed to the Secretary of State for External Affairs. My point is that that question was allowed.

An hon. Member: Right on.

Mr. Baker (Grenville-Carleton): It was allowed in the same way, and for the same reasons, as the questions were allowed a year or so ago to the hon. member for Westmount when he was involved in the judges' affair which ultimately, and unfortunately, led to his resignation from the ministry.

It is within my capacity as a member of this House to ask a minister of the Crown whether or not he is prepared to make a statement. I am not asking him to make a statement in answer to my question. I consider a ruling on that to be extremely important, because I want to pose that question once again to the Minister of Consumer and Corporate Affairs, if I can, and perhaps to the Minister of Supply and Services because he is the other solicitor general referred to.

I would like to know whether or not they are willing to make statements in the House with respect to the allegations which have been made against the RCMP concerning the way the RCMP conducted itself in relation to members of the ministry. If the statement of the minister outside the House is true, then some heads should roll in the RCMP. However, if that statement is not true, the minister has a course of action open to him. He will have carried out, albeit outside the House, an action which would indicate that his statements are not in accordance with the facts. This House has to know the facts before the McDonald commission knows them.

• (1522)

I believe it is important that I be allowed to put the question. As a result of it, I hope the minister will make a statement so he can be questioned with regard to that statement. So that Your Honour will be forewarned, I would like to put the same question to the Minister of Supply and Services. If there is one place where we ought to be able to question ministers, it is here. If there are to be restrictions on the right of members to question ministers—and I am prepared to admit there should be from time to time—we ought to lean against that to the greatest extent possible.

The whole purpose of this parliament is to be able to ask ministers questions directly as events occur. If we are to wait for the royal commission, the RCMP and the officers who are not now named by the Minister of Supply and Services will remain under a cloud. That is a fact, a fact that this House ought not to allow to exist in terms of any public servant of the government.

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I would like to make a few comments on this question of privilege. I am pleased that the hon. member is afraid that someone can cast doubt on a civil servant. I wish he had

developed that philosophy two weeks ago when they started making accusations.

Some hon. Members: Oh, oh!

Mr. Chrétien: Under the circcumstances, I think the rule is clear. When a question concerning a particular department is asked, it is the responsible minister who must reply to that question in the House. The Solicitor General was willing to answer questions, and in fact has done so. In my capacity as Acting Prime Minister today, I spoke with the Minister of Consumer and Corporate Affairs in my office. We discussed the matter and I asked whether he made those accusations. He told me that he referred to an incident that was debated in the House. He gave it as an example. He did not intend to make any accusations against the RCMP.

I have followed the rules of this House. Perhaps members opposite find these rules somewhat restraining. However, we have to abide by the rules and practices of this House. Sometimes they are also restraining for members on this side. It is often difficult for a parliamentary secretary to get the floor to ask questions because he has accepted some responsibility. For the past 10½ years that I have been a minister I have had to forgo my right to ask questions on behalf of my constituents who elected me. However, that is one of the rules we have to live with.

This morning we did exactly what has been done under similar circumstances over the years, that is ask the minister what comments he made. I reported to the House what the minister said to me. I said that if there are other questions related to this matter, they can be asked of the Solicitor General. I can appreciate the frustrations of the Minister of Consumer and Corporate Affairs, but that is the price one must pay when serving another department. He can no longer answer for the previous department for which he had responsibility. If a member wishes to ask some questions about a minister's former responsibility, he must do that through the Prime Minister or the Acting Prime Minister. That is the rule, and we are obliged to abide by it.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to give quite briefly my opinion on this issue which is, I feel, very serious indeed. In view of the fact that this report was seen by millions of Canadian taxpayers who submit every year their income tax returns, with the assurance that the information they provide is treated as extremely confidential—

Mr. Speaker: The hon. member for Bellechasse is dealing with an entirely different subject, for the House is now considering the possibility of a statement the hon. Minister of Consumer and Corporate Affairs (Mr. Allmand) might make concerning a question and answer exchange which took place in Montreal last night. That is one thing. The second concerns income tax returns and their confidential nature: that is something completely separate.

Mr. Lambert (Bellechasse): I wish to thank you for your decision, Mr. Speaker. That was my preamble. What I mean to say is this: the hon. member for Winnipeg North Centre (Mr. Knowles) came up with a wise suggestion a while ago, a suggestion with which I fully agree, and I feel that the minister should be given the opportunity to provide the House with full explanations, even if he should require a whole hour to do so, in such a way that this institution may be truly recognized by the public as really responsible.

As far as House leaders are concerned, I feel that we should meet and discharge very wisely our responsibilities. If the minister wants to explain his conduct to the House, he ought to be given the time he needs, which would clarify the situation and rekindle the faith the Canadian people have always had in the Parliament of Canada.

[*English*]

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to speak briefly to this very important question now before the House. I listened, as the House did, with great interest to the Acting Prime Minister. I say to him, through you, sir, with respect that I do not think he understands the gravity or the seriousness of the question before the House. If the good name of the RCMP which has been dragged down in the mud by his colleague, the Minister of Consumer and Corporate Affairs, is to be cleared of this unprecedented smear by a minister, what better place to do that than here in the House?

Some hon. Members: Hear, hear!

Mr. McGrath: It could be done in the House on a statement on motions or on a question of privilege by the Minister of Consumer and Corporate Affairs. That is precisely what the House leader of the official opposition was asking, and the point the House leader for the New Democratic Party was getting at. The central question here, and I say this with great respect, is that of the collective responsibility of ministers of the Crown. Last evening the Minister of Consumer and Corporate Affairs, as reported over national television, referred to several instances when he was solicitor general and, indeed, referred as well to his predecessor and where he had been given misinformation or information had been withheld from him by the RCMP.

The only way the House has to get at this matter today, according to the ruling of Your Honour, which I respect, is by way of questions to the Acting Prime Minister. The Acting Prime Minister then told the House that on the basis of a conversation he had with the Minister of Consumer and Corporate Affairs it is an entirely different situation and there is only one particular instance that was referred to. We have two stories. One was given to the press and reported over national television by the Minister of Consumer and Corporate Affairs, who has not been given an opportunity by Your Honour to report to the House, and the other story was given today by the Acting Prime Minister on behalf of his colleague, the Minister of Consumer and Corporate Affairs.

I realize Your Honour has to make instant judgments from day to day. This is a very serious question. It has seized the attention of the House for the last number of weeks. What we are getting at here is the question of collective responsibility of ministers of the Crown in dealing with a question before the House which has to do with, not one but three ministers still in the cabinet who were responsible for this very question, namely, the question of their dealings with the RCMP on matters of national security.

We are not trying to get at former ministers of the Crown. We are not trying to deal with a minister of the Crown on the basis of his constituency responsibilities, as was the case yesterday in the question put to the Secretary of State for External Affairs by the hon. member for Oshawa-Whitby. If you examine the record, you will find it dealt purely and simply with a matter within the jurisdiction of the minister by virtue of his position in this House as the hon. member for Burin-Burgeo. There is no way in which the question could have been permitted except on that basis. But we are not getting at that.

● (1532)

I can understand that Your Honour would perhaps wish to reflect further on that question by the hon. member for Oshawa-Whitby so that a dangerous precedent might not be set. But the precedent is well established that ministers of the Crown are collectively responsible and accountable to the House for their actions. However, serious charges have been made, in the presence of the press, by the Minister of Consumer and Corporate Affairs, the former solicitor general—charges which, if substantiated, would result in severe disciplinary action being taken against members of the RCMP; and if they cannot be substantiated, the minister would have only one honourable course to follow, which is to resign.

So there is also the question of the serious charges which have been made by a minister outside this House against the RCMP whose name has been smeared without any substantiation, and I submit that the House should be given an opportunity to hear from the Minister of Consumer and Corporate Affairs either by way of a statement on motions or by way of a question of privilege, so that the good name of the RCMP can be cleared in this House by a minister who has smeared it outside the House.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, there is one aspect of this matter which has not so far been covered. The Minister of Consumer and Corporate Affairs, speaking in Montreal, used the words "solicitors general" in the plural form. I take it he was not referring only to his immediate predecessor but to his successor, the present Solicitor General. Is he implying that the present Solicitor General is being misled by his officials?

We want to have confidence in the statements the present Solicitor General makes in the House, and this is hardly possible if there are suspicions that he is being misled by his officials. If the Acting Prime Minister refers this matter to the commission, it will take months before anything is done. What will we do in the meantime while this lack of confidence exists, and what will the RCMP do in the meantime? They can put up no defence for themselves.

We wish to continue to place confidence in the statements made by the Solicitor General. Are we to live under this shadow in the months ahead while statements made by the Solicitor General are under a cloud, as well as the RCMP? I would, therefore, ask Your Honour to rule in favour of the submission made by my leader and by my hon. friend for Grenville-Carleton.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it seems to me that, as so frequently happens, the opposition is basing even the preliminaries of its case upon a report of something which was said outside the House. I would point out that one of the ordinary functions of hon. members opposite is to deal with questions asked directly of ministers in relation to matters which are within their responsibility. Many of us acting in political capacities speak on subjects of many kinds across the country, and it would be quite impossible to deal with those matters in this House.

The issue is this: can questions be put here in relation to matters about which the opposition wishes to ascertain facts? Clearly, they can. The minister can be asked whether there are any new accusations against the Mounted Police: that question could have been directed to the Solicitor General. If the opposition is making an allegation of conduct unbecoming a minister, that is a matter which obviously goes to the Prime Minister or to the Acting Prime Minister. In that case, though, it would as well if they had the full facts, rather than simply basing their position on a press report. I think this is part of our difficulty, this practice of basing questions on what is reported in the press instead of asking questions directly in order to seek information or to determine responsibility.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): With all due respect to the Minister of Transport, Mr. Speaker, I think he has missed the point altogether. The question of privilege is not one which deals specifically with press reports. What the hon. member for Peace River and others were dealing with was an answer given by the Acting Prime Minister in which he contended that a former minister can avoid questions in the House of Commons and still give evidence before a royal commission related to matters which had come before him during his tenure of office as solicitor general. He can give evidence before the commission, but we are to be denied the opportunity of hearing him in the House of Commons which, after all, is the supreme commission and the highest court in this country.

The point is whether or not, now that we have made provision in our rules for a minister or for an ex-minister to stand in his place and make a statement related to circumstances which occurred during his tenure of office, we are to be prevented from asking questions even if he is prepared or has the courage to face his peers in this chamber and face the Canadian people. Alternatively, is parliament to have no ability to deal with this issue? Is it one which can be circumvented

by the Prime Minister shifting his cabinet around every few months so that no one is accountable for any significant period of time? That is the crux of the situation. We must have the opportunity of addressing ourselves to the issue before the House. The issue of ministerial responsibility involved here is one which transcends the limitations of cabinet portfolios held at a particular time; it is one which does not merely concern one particular portfolio or another.

I grant that the Prime Minister has an overriding capacity in this regard, but when it comes down to the question of ministerial responsibility, to accusations made by a former minister against the public servants under his guidance over a period of time, we ought to have the right to ask that minister to clarify his position or, if he does not, to resign.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, on this, a point of order rather than a question of privilege in my view, I would simply like to say a few words to stress what has been recognized by the other side, namely that we have a rule under which a minister does not have to answer questions relating to matters of administration for which he was formerly responsible. Such is the rule, and we must abide by it.

And since the Royal Commission of Inquiry has apparently been taken to task for holding certain privileges, I would like through you, Sir, to remind the House that in the preamble to Privy Council's decision dated July 6, 1977 establishing that Royal Commission, it was provided that the commissioners were appointed under part I of the Inquiries Act. Sections 4 and 5 of that act specifically give commissioners the power of summoning before them any witnesses, and this includes ministers of the Crown. Therefore, in view especially of the last point the last speaker tried to make, I see no reason why the Royal Commission of Inquiry should be taken to task for having that privilege of calling witnesses, because here in this House the minister cannot be questioned on matters of administration for which he is not now responsible. The rules are there. While they may not be perfect, I submit we should not try to change them one by one, as and when we find this advisable from a partisan standpoint.

There is room in this House, as has been advocated for a long time, for in-depth reform. I feel that such changes should be considered in a perfectly objective way, in a totally non-partisan context. Once more, I respectfully submit that what opposition parties have today is a point of order rather a question of privilege. Our rules are clear. A minister does not have to make a statement on matters of his former responsibility. If opposition parties feel they should complain about rules, we on this side are prepared to consider changes of a general nature in various other areas, such as reducing the length of speeches, shortening the parliamentary week schedule from five to four days in order that members may have more time to look after constituency matters. All such changes should in my view be considered in a completely non-partisan context.

To conclude, Mr. Speaker, I would simply note that the opposition feel it is in their interest to rescind the rule preventing a minister from answering questions that pertain to matters of his former responsibility. They would welcome that, because they believe this could be profitable from a partisan point of view. I doubt this would be the case. If, however, changes are desired, we are prepared to discuss them, not in a piece-meal, unruly way, but in good faith and in a totally non-partisan context.

● (1542)

[*English*]

Mr. Speaker: The hon. member for Peace River has raised, by way of a question of privilege, a difficulty that has faced us on occasion before. I would like to consider the arguments which have been put forward. I think hon. members will realize, however, that there is a fundamental difficulty for the Chair, in the circumstances, and that is that there is no relief which can be ordered by the Chair. Previous occasions have been cited and there have been applications from both sides to attempt to vary the rules in order to accomplish a certain purpose. In the face of those applications, there are certain things that can be done.

There are other circumstances with which I have been faced: motions attempting to deal with a certain circumstance in a given way. However, at the moment I have no application for specific relief, and it is very difficult for the Chair to invent actions which can be taken and which might attempt to provide relief in certain circumstances. I do confess to some difficulty, as hon. members have expressed today—and this is one of the things I will want to consider—that in the circumstances members of the House are confined in their questions to the current and present ministerial responsibility of each incumbent of a ministerial portfolio. That is clearly understood and no one will put that at issue today. That doctrine is strained greatly when a minister takes advantage outside this House to make statements—

Some hon. Members: Hear, hear!

Mr. Speaker: —about previous ministerial responsibilities. It seems to me that if that doctrine is to prevail, then those responsibilities, if anything is going to be said about them, ought to be said by the present incumbent of that portfolio in order that it can be reported to the House. But, in any case, that is a rather gratuitous observation which I hope is germane to some of the arguments which were presented today. I will want to reserve on this, but I thought before doing so, I might expose to the House some of the difficulties that I face. I will try to be of as much assistance to the House in this matter as I can and rule on the matter in a more definitive way tomorrow.

* * *

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I would like to ask a question on behalf of the tourist industry in Canada, which is experiencing serious economic difficulties. I had a short preamble to explain my question, and then the next thing I knew, you rose to cut me off when I started my question, without any explanation. You recognized another

member across the way. If my preamble was too long, sir, I would certainly like it explained. I have watched this matter very closely and I have read questions in *Hansard* with regard to the length of preamble that certain members are allowed, especially the hon. member for Nanaimo-Cowichan-The Islands. I have watched with great interest over the past few months the length of time that he has been allowed to ask questions and make a preamble.

I have not abused the question period since the House resumed on October 18. This is only my second question, and I have had only one motion under Standing Order 43. If certain members are to have special privileges regarding the length of their preambles or the length of their questions, then I think we are entitled to an explanation, sir. I am going to rise tomorrow, and I am asking you now to recognize me tomorrow and allow me to ask my question. When you cut me off, you are cutting off the constituents of Winnipeg South Centre, the Canadian people and the travel industry.

Mr. Speaker: I must apply the same rule to all other members of the House in the situation to which the hon. member referred. He was given the floor, began his question, was permitted a preamble, and then proposed, it seemed to me, to read from a set of documents a resolution by an association. At that point I rose specifically to ask the member to put his question. The member continued, without reference to the fact I was on my feet.

In any case, as he was then moving to put his question, I sat down to permit him to do so. Instead of doing that, he turned around and faced the Chair with the words, "What's the problem?" That, it seems to me, was a somewhat disrespectful way to address the Chair in any circumstances. At that point I recognized another member, and not previously. I had no intention of stopping the member putting his question until he did that.

ROUTINE PROCEEDINGS

[*Translation*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

First Report of Standing Committee on Regulations and Other Statutory Instruments—Mr. McCleave.

(*Editor's Note: For text of above report, see today's Votes and Proceedings.*)

[Mr. McKenzie.]

[*English*]

PRIVILEGE

MR. HOGAN—COAL INDUSTRY IN CAPE BRETON

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a question of privilege. I notified you previously that I wished to raise this matter when the Minister of Industry, Trade and Commerce was in the House. With your permission, I would like to do so now. In order to lay the basis for my question of privilege, Mr. Speaker, and in order to guide you in deciding whether I really have a question of privilege in fact, I have to quote briefly from *Hansard* of November 9, 1977, page 759.

We are slow in developing some of our coal mines. That is one aspect which could be improved.

MR. BLACKBURN: Especially in Cape Breton.

MR. HORNER: Especially in Cape Breton because of the costs, and I think I should say perhaps because of the 'inappreciability' of the Cape Bretoner for the retention of his job. That is a serious accusation.

MR. BLACKBURN: What's that?

MR. HORNER: Read it in *Hansard*.

Mr. Speaker, I want to distinguish between two things that the minister said about Cape Breton as far as the opening of the coal industry is concerned. If he had remained with a question of fact that because of high costs—as he implied in the past—it is very difficult to open new coal mines, then he is obviously correct and is correct up to this day. The federal government has, since 1927, because of high costs in connection with Cape Breton coal mines, given subventions to the private owners who own the coal industry. That was done until the federal government took over the industry under Devco in 1967. But I remind the hon. minister that costs are relative, and the minister in charge of DREE said in Edmonton two or three weeks ago, at a national coal conference, that he expected that by the end of this decade the coal mines in Cape Breton would be a viable economic operation.

I go further and suggest that if what the Minister of Energy, Mines and Resources and the head of the petroleum institute of Venezuela have been telling us is true, that we are possibly going to pay $20 a barrel for crude oil by 1987, then the price of Cape Breton coal will be low in comparison and the government will be making all kinds of money on the Cape Breton coal mines. That is not the question of privilege, but I wanted to make the distinction because of what the minister introduced as a question of fact.

My question of privilege, Mr. Speaker, is that the Minister of Industry, Trade and Commerce said that the inappreciability of Cape Bretoners for the retention of their jobs is one of the causes for not opening new coal mines. He said that in the House. This is a serious accusation. As is usual in this House, when the minister speaks, unless he is reading from a speech prepared by civil servants he gives no factual evidence for his straight from the lip, wild generalizations and accusations.

● (1552)

In fairness to the many Cape Bretoners who are unemployed, to the people of an historic area of Canada who have

fought a hard fight for economic security all through this century, with thousands of them having been killed or maimed for life in these coal mines, the minister owes this House, the citizens of Canada and the people of Cape Breton an explanation of his evidence for the statement "the 'inappreciability' of the Cape Bretoner for the retention of his job" as one of the reasons the government is slow in developing coal mines, especially in Cape Breton.

The minister should know there has been no major strike in the Cape Breton coalfields since 1947. The minister is a lover of free enterprise, and he should know that the days lost through illegal walk-outs at the Appalatian coalfields in the United States, which are privately owned, have been about 500 per cent higher, on a per capita basis, over the last five years than in the Cape Breton coalfields. I therefore challenge the Minister of Industry, Trade and Commerce to back up his accusations with solid, factual evidence. I personally, am getting a little sick and tired of hearing him in this House acting—

Mr. Speaker: Order, please. I believe the hon. member for Cape Breton-East Richmond has been given a pretty good opportunity to make his point, and it seems to have been well made. I wonder if the minister should now be allowed to reply.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I would be glad to clear up the uncertainty and concern I caused the hon. member and the many friends I have on Cape Breton Island.

An hon. Member: You don't have many now.

Mr. Horner: I have. I was down yesterday—

An hon. Member: Dalhousie gave you a rousing boo.

Mr. Horner: I was speaking at length about the whole question of energy. I did mention we were slow in developing some of our coal mines and that is one aspect that has to be improved. I have long been a believer that more coal mines could be opened and developed in Cape Breton, particularly now that coal has to compete with highcost oil, not the 80-cent a barrel oil it was competing with a number of years ago. The hon. member was reading a statement and someone interrupted by saying "Especially in Cape Breton", and I agreed, especially in Cape Breton. I went on to refer to the extremely high cost in respect of some of the old underground mines. I should say, perhaps, that I spoke of the "inappreciability" of the Cape Bretoner. I want to point out to the hon. member that I did not say the "Cape Breton miner"; I said the Cape Bretoner generally.

An hon. Member: And what does that mean?

Mr. Horner: The hon. member now wants to know what I meant. I will tell him. I did not say the "inappreciability" of the Cape Breton miner; I said "the 'inappreciability' of the Cape Bretoner for the retention of his job"—"as a coal miner," I probably should have added. I was referring to jobs as coal miners. Coal mining is a little bit like farming; some people look upon it as being the last job on earth that they would take. It is down at the bottom of the scale. The coal miner is often regarded as some kind of a serf in our society. I have never believed that. That is what I was referring to. The coal miner today should have a very noble place, particularly in coal mining areas such as Cape Breton. Nova Scotia now does not have as high a utilization of coal for the generation of electricity as it should. It does not have as high a utilization of coal for this purpose as does even the province of Alberta.

I was pleased to be down in Nova Scotia yesterday when the Premier of that province announced the opening of a new strip mine in that area which will take out an estimated one million tons of coal a year. I want particularly to bring that to the attention of hon. members. That will do much for the coal mining industry and the coal miner. In addition, on the mainland of Nova Scotia, the Wimpey Coal Company Limited, which is under contract to do strip mining of some coal there—and this government has encouraged both projects—will take out some thing like 400,000 tons of coal.

I should go on to say, in addition, Mr. Speaker, that this government has paid for drilling exploration off the coast of Nova Scotia and Cape Breton to find more, as well the depth and quantity of coal deposits in Cape Breton. Approximately three-quarters of the cost of that exploration has been paid for by this government, and the exploration results are very encouraging. It is my belief that more underground coal mines can be opened up which will be far more efficient than some of the old ones now in production.

Having said that, I hope I have cleared up any misunderstanding that might have been left by that remark in reference to "inappreciability". I was not referring to the coal miner but to the Cape Breton and Nova Scotia people, because to me it has been an appalling situation—

Some hon. Members: Oh, oh!

Mr. Horner: It is an appalling situation to me that the province of Nova Scotia generates 65 per cent to 85 per cent of its electricity through the use of imported, high-cost oil. More of the electricity should be developed through the use of coal, and I am pleased to see that the province is moving in that direction by opening up these two strip mines from which will be taken out a total of 1.4 million tons of coal per year for the development of electricity.

Mr. Speaker: Order, please. I presume that the hon. member for Cape Breton-The Sydneys wanted to support the original point. I did fail to recognize him when I gave the floor to the minister, but the hon. member may want to make his intervention now.

Mr. Muir: Thank you, Mr. Speaker. I did try to catch your eye at the time, but you allowed the minister to speak. I want to join wholeheartedly the hon. member for Cape Breton-East Richmond, who I think did a very good job. The minister, during his reply, squirmed, wiggled, twisted and turned all over the damned place and never did get around to explaining what he meant by "the inappreciability of the Cape Bretoner

for the retention of his job". He said he was not referring to the miner; he was referring to all Cape Bretoners. Then just before he concluded his remarks he said it was all Nova Scotians.

I proposed a motion under Standing Order 43 yesterday. I waited through Monday and Tuesday and the minister was not here. Some days back I raised the same question. He was very kind. I reminded him of having been my former seatmate, and told him of the problems of Cape Breton. I tried to tutor him on the problems of that area. He agreed that we have problems. He was very kind, yes. He said at that time he was aware of the problems of deep mines in Nova Scotia, as well as the strip mining, and said he would encourage the development of both, etc.

He said, in reply to another question, "My long association with the hon. member has made me very, very aware of the problems of Cape Breton. He can rest assured that the representation will be noted and remembered". Then he changed, on November 8, as the hon. gentleman from Cape Breton-East Richmond said—it is right in *Hansard*—and admitted this when he said, "That is a serious accusation". Well, if you are going to put your tongue in high gear when what little brain you have is still in park, you can expect statements like this.

Indeed, in addition to that I asked yesterday in my proposed motion whether the minister would make a public apology to the people of Cape Breton. My good friend who sits over there now should know what problems we have in Cape Breton. As one who has gone through a mine explosion, has been carried out of the mines twice and had his spine fractured in half a dozen places, I know what these men have gone through, as referred to by the hon. member for Cape Breton-East Richmond. There are miners suffering from pneumonomelanosis, silicosis, who have had arms and legs amputated, yet here we have a minister of the Crown who has the gall to make a statement such as he has made. He intimated that Cape Bretoners are lazy. Then he said it was not the Cape Breton miner, just Cape Bretoners; and he went on to say it was Nova Scotians. What can we take from that?

To conclude, Mr. Speaker, according to today's press, the minister was in a bearpit session last night at Dalhousie University where he reiterated, according to the press, his statement about the inappreciability of the Cape Breton coal miner for the retention of his job. In addition, the minister said that Cape Bretoners have an aversion to working in the coal mines. Is the hon. gentleman aware that the latest information from the personnel office of the Cape Breton Development Corporation shows there are between 3,000 and 4,000 applications for employment in the coal mines of Cape Breton, whether they are strip mines, deep mines or anything else? Is he not aware of that? If there is an aversion to working in the coal mines and guys do not want to work there, why would they be applying for jobs in the coal mines?

The hon. member for Cape Breton-East Richmond and myself receive telephone calls, letters and other communications day after day from these people asking us to please find them jobs in the coal mines. I want to know what this hon. gentleman is going to do with his great, strong, loud voice, shouting from the lip rather than the hip, to get us some more money so the Cape Breton Development Corporation can open up more mines. He talks about drilling. We know about that. We need more mines operating. We know about the strip mining, and that is okay as long as they replace the overburden; but there is no work on deck.

The minister certainly owes Cape Bretoners an apology. He talks about his dear friends in Cape Breton. From the reports I have been getting on the telephone, by radio and television, he has no friends in Cape Breton and will not unless he straightens out this matter. We are just a bunch of idiots down there, as far as he is concerned. We are lazy, and nobody will work. If this government will provide the work, there are plenty of people down there who will work.

An hon. Member: Withdraw, Jack.

• (1602)

Mr. Horner: What the hon. member has just said is completely false. Never at any time have I said that they were lazy and would not work. In the same speech I referred to the difficulty that Cape Breton miners have, and how much better off they were than the workers in the fluorspar industry in southern Newfoundland because the aluminum company wants to close it down. It is the only one in existence in Canada. I see tremendous potential for the development of the coal industry in Cape Breton.

I just want to add on thing to enlighten members of the House about the seriousness of the situation. When I looked at Canada's coal figures and saw that western coal was moved through the Panama Canal to Nova Scotia this past year, I was both alarmed and concerned. That is a serious situation. Certainly, I am pleased to see the opening up of the strip mine and pleased to see the results of some of the exploration and testing which has been done off the coast. I believe that an underground mine can be opened up which would be far more efficient than the mines that are now operating there.

Mr. Muir: That's right; they sure can be opened up.

Some hon. Members: Oh, oh!

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): While it may have escaped everyone's attention, today is Thursday although it seems like Friday. I wonder, therefore, if I could ask my friend, the Parliamentary Secretary to the President of the Privy Council, what we will be doing today, tomorrow and next week. Could he give us some indication of what will happen in terms of government business when Bill C-11 is given second reading?

Mr. Pinard: Mr. Speaker, we will continue today, and tomorrow if necessary, with the second reading of Bill C-11, the income tax bill. If the second reading debate should end quickly, there has been agreement, after the usual consultations with our hon. friends opposite, to defer any votes on second reading of Bill C-11 until Monday of next week. If the second reading debate on Bill C-11 does end before any votes can be taken, we will proceed to the bill on CALURA, Bill C-7, the bill on the comptroller general of Canada, Bill C-10, and the bill concerning petroleum corporations, Bill C-12—but not necessarily in that order. I would like to tell the House that next Wednesday, November 23, will be the second allotted day for this supply period.

Mr. Baker (Grenville-Carleton): I was somewhat concerned when the parliamentary secretary said the bills would be called, but not necessarily in the order in which he presented them. Do I have his undertaking that he will at least consult us with respect to the order of business? Is he saying to us that we will not be going into committee of the whole stage, clause by clause consideration, of Bill C-11 when we give the bill second reading?

Mr. Knowles (Winnipeg North Centre): That depends on whether or not there is a vote.

[*Translation*]

Mr. Pinard: Mr. Speaker, obviously, if we are to study Bills C-7, C-10 or C-12, before choosing one, we will consult the hon. House leaders of the various opposition parties.

As for deciding whether we shall proceed with the study of those bills immediately upon completion of second reading of Bill C-11, before going into committee of the whole, it is much too early to say. I have indicated that if we reach second reading of Bill C-11 today or tomorrow, the vote will be deferred till Monday next. But I cannot say now what will follow its second reading, that is whether the House will go into committee of the whole or whether we will take up another bill. It is too early to say.

[*English*]

Mr. Kempling: Mr. Speaker, I rise on a point of order on the matter of the business of the House. Yesterday, in Montreal, when the Minister of Consumer and Corporate Affairs was speaking to an assembled group on the matter of the conduct of the business of the House and future business of the House, the minister, in answer to a question put to him as to when phase two of the competition bill would be introduced, stated that there was an all-party agreement that there would be no hearings on phase two of the competition legislation when it was reintroduced to the House, which he anticipated would be next week.

We have made no such commitment to the minister, and I conveyed this fact to him yesterday. His reply was that he consulted the deputy House leader immediately prior to going to the meeting in Montreal and had been told that this was the case. When that bill was put before the House prior to the House rising for the summer recess, the matter was discussed briefly in committee and we informed the chairman of the committee, who is now Minister of State for Multiculturalism and deputy House leader, that under no circumstances would we forgo public hearings on a bill of this nature. I just want to put it officially on the record that we have made no such commitment at any time. In fact, we indicated very strongly to the contrary, that we would not proceed in this manner.

[*Translation*]

Mr. Pinard: Mr. Speaker, I should like to claim the right for the minister to make himself acquainted with the observations of the hon. member and answer them if he so wishes, upon his return to the House.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: 169, 397 and 398.

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

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO CANADA COUNCIL

Question No. 169—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canada Council and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): I am informed by the Canada Council as follows: 1. Two persons are employed under contract by the Canada Council; neither is a retired public servant.

2. (a) $11,330, to 3 persons employed under contract; (b) $36,950, to 6 persons employed under contract; none of this was to retired public servants.

NUMBER OF PERSONS UNDER CONTRACT TO NORTHWEST TERRITORIES WATER BOARD

Question No. 397—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Northwest Territories Water Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Four. None are retired public servants.

2. (a) 1975: $1,550.15; (b) 1976: $6,537.63; N/A.

NOTE: Non-government members of the Water Board are paid an honorarium for the time they spend on Board business. These people are engaged under a contractual agreement.

NUMBER OF PERSONS UNDER CONTRACT TO YUKON TERRITORY WATER BOARD

Question No. 398—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Yukon Territory Water Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Five. None are retired public servants.

2. (a) 1975: $8,597.40; (b) 1976: $15,655.88; not applicable.

NOTE: Non-government members of the Yukon Territory Water Board are paid an honorarium for the time they spend on Board business. These people are engaged under a contractual agreement.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised on the adjournment motion at 6 p.m. are as follows: the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Energy—Home insulation program—Possibility of increasing funding; the hon. member for Halifax-East Hants (Mr. McCleave)—National Harbours Board—Suggestion government acting in anticipation of passage of Bill C-6; the hon. member for Palliser (Mr. Schumacher)—External Affairs—Applicability of guidelines to awarding of medal to Premier Lévesque by France.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Wednesday, November 16, consideration of the motion of Mr. Chrétien that Bill C-11, to amend to statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

[Mr. Faulkner.]

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I was beginning to wonder whether I would manage to get the floor this afternoon, because I have a plane to catch in 40 minutes. But I still feel that I have something to contribute to this debate. When I called it six o'clock last evening, aside from the fact that it was 6.30 p.m., I was speaking about the size and depth of the borrowing authority which is being sought in this bill. I understand, although I am not a legislative lawyer, that there could be some question about trying to insert borrowing authority into a bill of this sort. I think that matter might be raised in the House by other members, or in committee of the whole.

The point I was making last night was that some $9 billion was being sought under this authority, and I offered to describe to hon. members just how much $9 billion was. I am not sure that we are all aware of how much it is; therefore, I made a few inquiries. According to my information, which is derived from the Bank of Canada, our bills are printed on paper which is three and three-quarter thousandths of an inch thick; that is, by my interpretation, .00375 of an inch. So I said to myself, suppose I had one $1,000 bill printed on the same kind of paper. I do not know how many people in the House have ever seen a $1,000 bill. I do not know that I have ever seen one. I see there are some members who have seen them: they are all on the other side. In any event, whether or not they have seen them, these bills are .00375 of an inch thick. If we were to put a thousand of these bills together into a pile amounting to $1 million, the pile would be 3.75 inches high.

● (1612)

That is not very much, but what about $1 billion? We would have to pile a thousand of those $1 million piles on top of each other, and if we were standing on the balcony around the Peace Tower and reached into the pile, we would be reaching into it at about two-thirds of the way up, but we could do so only if the pile did not tip over. We should not try to tip it over, because it would make a mess on the street below. Normally we consult Beauchesne with regard to our rules, but the same Arthur Beauchesne also wrote about Canada's Parliament Buildings and he described the Peace Tower in this way:

At approximately the two hundred foot level and opening of the clock chamber are four balconies—

I said that each $1,000 pile would be 3.75 inches high. If we multiply that by one thousand, we get 3,750 inches. If we divide that by 12, we get something in the order of 312 feet of $1,000 bills. At the 200-foot level of the Peace Tower we would be only two-thirds of the way up that pile. We are not talking today, however, about $1 billion; we are talking about the authority to borrow $9 billion, so we have to multiply by nine. How much is that? Instead of piling those bills up that way—because we could never keep the pile balanced—we

would have to lay it on its side, putting the packages on their edges and stretch it out that way. Those packages of $1,000 bills would stretch over half a mile across the countryside.

I mentioned last evening that $9 billion was approximately the budget when this government came to power in 1968. Now it is asking for authority to borrow $9 billion because its indebtedness this year is going to be a little more than $9 billion. After ten years, this government is seeking to borrow an amount equal to $1 million packets stretched half a mile, standing on edge. That is a lot of money. On page 84 of the latest public accounts we can find the size of the national debt. We are going to add $9 billion to the national debt if this bill passes.

In 1968, when this government came to power, the national debt stood at $32 billion. In 1976, the last year for which figures are available, the national debt was $71.7 billion. When we reduce these figures to the per capita debt of each one of our constituents—not just the taxpaying constituents but even the small ones who do not yet have the right to vote—we find that the per capita debt in 1968 stood at over $1,500. Today, it stands at over $3,000. These figures are absolutely staggering; therefore, we must look very carefully at this provision. This is a request for borrowing authority to be found at page 210 of Bill C-11. We must look at it very carefully before approving it, because the government is asking for what can only be described as phenomenal borrowing powers.

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, as I rise to contribute to this debate, in keeping with the recent ruling handed down by that eminent jurist, Mr. Justice Evans, I ask Your Honour to keep strict and assiduous control of the television switches in this House. In case I make any culpable statements, privileged here but not beyond, I hope Your Honour will turn off that media so that the CBC or the CTV will not be sued in our courts of law for the illegal dissemination of my remarks.

For my opening remarks on this bill, I will go straight to the opening statement of the new Minister of Finance (Mr. Chrétien) when he spoke on the bill last Monday, the seventh day of this month. As recorded at page 644 of *Hansard* for that date, the minister said:

> Mr. Speaker, Bill C-11 is now before the House for second reading. Its purpose is twofold: first, to implement amendments to the Income Tax Act as announced by myself on October 20 and as put forward by my predecessor, the hon. member for Rosedale (Mr. Macdonald), in his March 31 budget; second, to increase government borrowing authority.

To deal first with the second part of the minister's statement, I do not think anyone in this House can seriously consider extending this government's authority to borrow. This government has overborrowed. It has abused the use of taxpayers' money. It has overspent. The last thing we should be considering at this time, and the last thing which I, in all conscience, could agree to at this time would be to give this government carte blanche to push us further into debt. Any wage earner in Canada who manages his or her finances as poorly as this government does, or who has as much difficulty meeting payments on debts, would be the poorest risk for making further loans. Such a person would have to be either a fool or a dreamer to think that any lending institution would advance more money—in effect, to throw still more money after bad.

This government should not be coming to this House for an extension of borrowing power, especially at this time when the state of our economy is sick. This government is already spending money we do not have, money that is not earned and in some cases money which has not yet been accounted for. Nowhere in the opening remarks of the Minister of Finance can I find one shred of justification for allowing the government to borrow more money. The minister brought his colleague, the former minister of finance, into his opening remarks, perhaps hoping that we had forgotten that the previous minister virtually wrecked the Canadian economy. He at least put the finishing touches to a national economy which has been going downhill steadily for the past seven or eight years. For this minister to suggest that he needs more borrowing power to finance programs initiated by the previous minister of finance is less than credible.

The minister really should have started from scratch unless, of course, he needs someone with whom to share his blame. When one observes the game of musical chairs the cabinet has been playing over the years, it seems that every minister of the Crown is constantly seeking someone with whom to share blame for this thing or that. If the cloud hanging over a minister gets too big or too heavy, the Prime Minister (Mr. Trudeau) simply shifts him sideways out of the portfolio and slides someone else in. One thing which can be said of the previous minister of finance is that he was so sure he was heading in the right direction that he just went on and on with his vehicle stuck in reverse until the Prime Minister finally steered him to the side of the road and got him out of the driver's seat. However, I might add that happened four or five years too late.

● (1622)

The Minister of Finance said in his speech that Bill C-11 is designed to increase government borrowing authority by $9 billion in new money—I repeat, $9 billion in new money. He was quick to add that this was in addition to the authority presently vested in the government to borrow to repay maturing debt. So all we are doing is trying to raise money to pay the interest on interest. That is very poor economics.

I wish the minister had taken the opportunity to bring us up to date on the present state of the gross national debt. That is something this House does not talk about enough, the state of our gross national debt. That is the load our children, our grandchildren and our great grandchildren will have to bear. Perhaps the minister will take this as notice and provide that information to the House in the course of the debate of Bill C-11. I propose to speak of it later in my remarks. I know that the level of the national debt is shocking.

The minister stated that the government has relented in part and will not ask the tax collector to the graveside to collect proceeds of life insurance policies from survivors. The govern-

ment was fully prepared to do just that in the original draft of this legislation, as hon. members will recall. The government backed down to some degree following a barrage of protest from the official opposition and people all across the country. The efforts of the official opposition were largely responsible for the government backing down on the proposal to tax proceeds from life insurance policy death benefits. However, the government saw too much of a good thing, an easy grab, in the proceeds from life insurance policies to back off completely. While it has retreated from its previous ghoulish position at the graveside, it has not retreated from the field. It is still in the cemetery. I should like to return to this item later.

I should like to address myself again to the minister's opening statement and lay to rest the fiction that he is not planning to table a new budget. In response to repeated requests from the official opposition for a budget that would come to grips with unemployment and inflation, the tumbling Canadian dollar and a multitude of other economic woes, the Minister of Finance insists that a new budget is not needed at this time and is not forthcoming. What are we debating today, then? Is it a near budget, a mini-budget or pseudo budget? Call it what you will, it is a budget.

The Minister of Finance ties this bill directly to the budget tabled by the previous minister in March, 1977, according to his opening statement on November 7. I prefer to entitle this a pseudo budget, using the definition of the word contained in Webster's Seventh Collegiate Dictionary. The word "pseudo" is defined as "sham". It is a sham budget. The most we can expect is the government's own expectation of a $9 billion borrowing authority if this bill is passed—$9 billion further into debt. Yet the government denies that this is a budget. Perhaps the reason the minister will not call it a budget is that a budget is expected to contain provisions to improve the state of the economy and improve the lot of the average Canadian, usually coming at intervals of one parliament at a time. That is not the case here. Another reason is that a budget debate would open up new areas of discussion that the government would like to avoid. The fact remains that this is nothing but a sham budget.

To get back to the question of taxing the benefits of life insurance policies, life insurance in our society has always been the last refuge of the lower and middle income earners, in more ways than one. I am one of those, so I speak from experience. Life insurance is the best way for a poor person to save money. It always has been, and I hope it always will be, available to the Canadian people, untramelled and untouched by the long fingers of government. There is the all-important aspect of the death benefits which help the survivors to recover from the shock of losing a breadwinner as well as a loved one. This refuge is slowly being eroded by a government that is totally unfeeling and completely avaricious. The name of the game, where this government is concerned, is to reach out and grab, no matter what the consequences to the individual.

Another way in which life insurance has been a boon to the lowly paid wage earner has been the provision whereby a portion of the cash value of a policy that has been in effect for a number of years can be borrowed, using the policy as security. Tens of thousands of policyholders through the years have used this provision to obtain money to ease them through a financial crisis.

Always on the lookout for a quick buck, the mandarins in the tax bureau have alerted the government to a so-called loophole which they say will yield so many million dollars in taxes if it is closed off. I refer to the alleged "gain" provision in the insurance policy loan provision, whereby the difference between the cash surrender value of a policy and the premiums paid is construed as income for tax purposes.

That is utter nonsense and does not stand up even under cursory examination. A loan is a loan, whatever the manner in which it is made, and it has to be repaid. If it is only for the amount of premiums paid, plus accrued interest, or if it is for an amount that is greater than the amount of premiums paid, it must be repaid at one time or another. The ultimate value of a life insurance policy is the amount of the death benefit paid on the death of the insured. Any outstanding loan on a policy, no matter how it has been described or computed, is deducted from the benefits payable to the survivor and so, Mr. Speaker, at some time along the way the loans are repaid.

All of us here know that the minister did not prepare this bill, or budget, whichever it is. It was prepared by high-priced mandarins in the Department of Finance. I do not expect a $50,000 or $60,000 a year mandarin to have any feelings for the plight of the lowly wage earner. The value and worth of those mandarins to the government is to find new sources of revenue for the hungry boss. When they come up with a new gimmick, they get a pat on the head and a longer lease on their cushy jobs. The Minister of Finance, on the other hand, is—like myself—an elected representative of the people. The minister's riding is very much like my own, comprised largely of wage earners and farmers, and it is a long way from being a Rosedale or a Mount Royal. The minister must surely have more feeling for the little man than a mandarin, insulated as he is from the realities of earning a meagre wage or salary.

● (1632)

The minister should never have approved any part of this bill dealing with the taxation of life insurance policies. I know that part of the bill evolved before he was moved to his new portfolio, but all the same he should have deleted this section from the bill presently before us. This whole section dealing with the taxation of insurance policy benefits is shifty, devious and totally unwarranted, and it should be struck from the bill. I make my recommendation as a result of over 100 letters that I have received from constituents.

I should like to turn to the provisions for tax rebates outlined in this bill. Here, again, there is an obvious effort on the part of the government to deceive. There is no clearcut policy in this section that spells out the manner in which the rebate will be effected. The minister proposes to put the onus on employers to give the rebate to employees. It is not a directive, but is more in the way of a request. It is rather like saying to the employer that it would be very nice if some way

could be found to give each employee the $100 rebate, which amounts to less than $2 per week and which is not very much.

Without specific direction on the manner in which the rebate will be made, it could, and probably will, be paid in dribs and drabs—not in a lump sum which would have the most desirable effect on our public economy and the economy of the recipient. The only way such a rebate would have a stimulating effect on the economy, especially such a small amount as $100, would be for taxpayers to receive the money in a lump sum. It is very likely that having an extra $100 which is not committed to a specific purpose, such as paying the rent or making a car payment, would encourage people to make purchases that have been delayed. I am thinking of hard goods such as refrigerators, stoves and other appliances of the larger and more expensive type.

This would help to wipe out the inventories of appliances that exist throughout the country, and stimulate new production. I do not believe spending by individuals of $100 or $200 on necessities, or even luxuries, would have very much effect on the level of inflation. I cannot accept the proposal of the Minister of Finance to defer the tax rebate until next year. If we approve the rebate, let us make it effective with the 1977 taxation year and let us decide ourselves how it will be accomplished. Leaving it to employers would result in the money being dribbled out piecemeal in scores of different ways, and it would be highly improper.

It is not the proper function of the private sector to engage in the distribution, allocation or in any other type of management of tax moneys. The only way in which the private sector can engage in the management of taxes is to collect taxes in the name of the Crown. It is for ourselves, the elected representatives of the people, to decide how tax moneys are to be distributed and allocated.

Another section of this bill which troubles me is the one dealing with changes in the rules affecting the operation of the registered home ownership saving plans. The government has resorted to overkill in an attempt to close off a few loopholes in the original program. Tens of thousands of Canadians have invested in the registered home ownership savings plan since 1974 in the honest belief that it would be an ongoing program. There is no reason why it should not continue to be an ongoing program with firm rules and guidelines.

In the two-year period of 1974-1975, 597,000 Canadians invested a total of $564 million in the home ownership savings plan. Seventy-four per cent of those people had annual incomes of less than $15,000. They invested in registered home ownership savings plans under a set of rules that had been established and approved by the federal government. Granted, we in the official opposition warned in 1974, and on subsequent occasions, that there were loopholes in that legislation and that the way had been left open for certain types of abuses. But our warnings and advice were ignored. The government mandarins have discovered a way to put the tax bite on all holders of registered home ownership savings plans, simply by changing the rules. These are drastic changes, and thousands of innocent and honest Canadians are liable to be caught in the squeeze.

This is criminally deceptive, and I would venture to guess that the Department of Finance mandarins have already computed to the dollar how much additional tax revenue the government will be able to squeeze out of these unsuspecting investors. There is no doubt in my mind that this is a budget we are debating. All it needs is for the Minister of Finance to admit he wanted to table a budget, but wanted at the same time to avoid the responsibility of bringing in a budget with some meaning.

There are no real cures in this budget for any of the pressing economic problems we are facing today. Most of the provisions in this bill are mere window-dressing for the central purpose of the document, and that is, to extend the government's risky, flimsy line of credit. I hope it will not be necessary for the government to call the International Monetary Fund into our financial problem before the spring, but it could happen. I am not fooled by it; I am appalled and disgusted.

I should like to make a few remarks on the procedure introduced by the government to increase its borrowing authority, the main purpose of which is purported to be to amend the Income Tax Act. On page 646 of *Hansard* for November 7, 1977, the Minister of Finance is reported as saying:

> The government intends to introduce a bill soon providing a new procedure which will give ample opportunity for normal debate. In the meantime, there is need for an increase in the borrowing authority.

The minister was referring to his earlier remarks recorded on the same page when he stated that the Financial Administration Act provides that no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of parliament. That is pretty straightforward. I do not think there has ever been any doubt on the part of members of this House as to what that means. The minister's alleged concern that this House should have ample opportunity to debate a government request for borrowing authority is specious. We are debating such a request at the present time although it is neither the proper time nor the proper vehicle for such a debate. More than one hon. member of this House has brought this point to Your Honour's attention prior to my doing so. We are debating a bill that seeks to accomplish a matter that should properly be debated as a separate issue, not in the context of amending the Income Tax Act.

● (1642)

We are, in effect, telling the Minister of Finance and the government that they are off base. I have to wonder if the minister hoped we would overlook the fact that he had slipped the request for a $9 billion extension of the government's line of credit into this bill, or if he expected us to just treat it as casually as he seems to treat it.

I would like to throw in an aside at this point, Mr. Speaker, based on a press release circulated a couple of days ago by the Canadian International Development Agency. That agency has just granted long-term loans, no doubt at a very low rate of interest, totalling $20 million to the African country of Zaire.

In addition, CIDA is throwing in an outright gift to that country of $7 ½ million. This money is intended to assist Zaire to develop its forest industry. The press release noted that Zaire is one of the Francophone countries.

The Canadian forest industry is one of the largest employers in some of our provinces, notably British Columbia, and that industry is in serious difficulty. The Canadian forest industry is presently laying off workers and the immediate and future prospects of that industry are anything but bright. This loan and grant to Zaire reminds me of the CIDA loan to Cuba a few years ago, a matter that I brought to the attention of this House. Originally, CIDA had offered Cuba an interest-free loan of $10 million in addition to some millions in outright grants. I objected to this practice and the very modest interest rate of 3 per cent which was applied to the Cuban loan.

The then minister of finance, Mr. Turner, was questioned in the House more than once on this matter. I questioned him. He managed to put on a ridiculously low interest rate of 3 per cent. That is what the government is doing with our money. As the hon. member said, it was done so that Cuba could send troops to Angola. That is what this government does with the taxpayers' money. That is why it is in the worst financial position of any government since the first one in 1867.

We are debating the question of raising more taxes and giving the government authority to borrow an additional $9 billion. I insist that that money should be spent on programs and projects that will further the interests of Canadians first, the lumber industry in British Columbia for example, and if there is any left we can then decide who else in the world is entitled to the money raised by taxing Canadian citizens.

Canada is in a bad position. Yesterday I noted an article by the eminent writer and publisher, Richard S. Malone, in the *Globe and Mail*. I quote from that article:

> Scandals, kickbacks, wiretaps—Almost since its inception the Trudeau government has been guilty of shabby behaviour.
>
> Each week in Ottawa as more charges are made of waste, scandal and cover-ups, the conviction grows that our nation despite all its advantages of wealth and social advancement has lost direction and is sick with an ancient disease. The symptoms are inflation, unemployment, disunity, a falling dollar, enormous debts and public apathy.
>
> Other countries throughout history have suffered from a similar sickness.

Some have never recovered. Malone goes on to state the serious symptoms of this dilemma which faces us. I quote:

> We are still in the grip of serious inflation. We spend recklessly and borrow mindlessly committing our children to a debt for years to come.

That is timely. Here the government is asking for $9 billion to pay interest on interest.

> We price ourselves out of world markets and pay the penalty of high unemployment, again at the expense of our youth.
>
> We buy the dream of having the highest wage rates in the world by printing more dollars, issuing more bonds and borrowing more money abroad.
>
> We crowd to our airports complaining of hard times as we make our way to Hawaii or California, piling up a tourist deficit of more than a billion dollars and promising to double it next time around.
>
> We accept a budget deficit this year that will be greater than our entire budget was less than ten years ago.

[Mr. Alkenbrack.]

> We countenance rates of crime, drug addiction, child abuse, violence and sexual perversion that soar to staggering levels.
>
> We endure scandals in public affairs that make headlines every week.

That is all I want to quote from Mr. Malone. I am sure all members will agree with that article, regardless of their political leanings. I add to that one short sentence: a scandal a day is the Liberal way. There is one more point I would like to make before I conclude. I draw the attention of the House to still another breach of faith on the part of this government. Earlier this year the government sought the help of Canadians to reduce the waste of energy, specifically to insulate their homes and thereby reduce the consumption of home heating oil. The government offered grants of up to $350 toward the cost of insulation. I compliment them on that policy. I agree with it. Many of my constituents have taken advantage of it. Some failed to do so after receiving the particulars. After the program was well under way we found that the grants have to be added to a person's income for tax purposes. It is just a little thing, perhaps, but it does add another straw to the camel's back. I do not think those grants should be taxable.

I wish to conclude my remarks by saying a few words about the national or public debt. I asked the Minister of Finance to enlighten us on that score, but so far I have not heard from the minister or his parliamentary secretary. I received some information since then which I will relate to the House. As of March 31 this year, the gross national debt stood at $67,075 million. Inasmuch as the present request for $9 billion in additional borrowing authority is in addition to the new tax revenue sought in this same bill, we can assume that the gross national debt for the coming year will reach or even exceed $75 billion. Interest paid this year on the national debt was $5,350 million, or 13 per cent of our total national budget. As of March 31 of this year, Canada's net recorded assets totalled $37.5 billion. This means we have a net national debt of $29.5 billion. To sum it up, we owe $29.5 billion more than we are worth. Mr. Speaker, no business of any kind could survive under those conditions.

● (1652)

When the Prime Minister came to power nine years ago, the gross national debt amounted to $39.2 billion, part of which was due to the financing of two world wars and two lesser wars. In just nine years of Trudeaucracy, as someone termed it, the spending policies of the government have increased the national debt more than 100 per cent. Added to this is the fact that we now have a 90-cent dollar. We are in a hole there, too. For every cent by which the Canadian dollar is depressed, the country loses $60 million a year on the basis of our present adverse trade balance. Thus, if our trade balance position does not improve—and there is not much encouragement to believe it will—it is going to cost us $600 million a year to keep this country solvent. That is the result of nine years of Trudeaucracy under this Socialist-Liberal government which the Canadian people have had to endure.

Mr. Speaker, I cannot, in all conscience, support any part of the bill before us. I would support the tax cuts to our citizens if they were meaningful and if I knew how the tax cuts and

rebates were going to be accomplished. But I cannot support the government's request for an increase of $9 billion in borrowing authority. I strongly urge that the provision to this effect be removed from the bill, after which the minister might bring it before us again in a proper manner so that the elected representatives of the people could deal with it.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, we have before us a bill which is of extreme importance to the Canadian people. It is important for what it does to them as well as for them. I should like, in the course of my remarks, to draw attention to areas in which I think the budget bill is inadequate, and to propose some alternative ideas for the consideration of the Minister of Finance (Mr. Chrétien) in the hope that when we get to committee of the whole we might prevail upon the government to bring forth some meaningful amendments.

When the opposition comments on bills brought before the House, we often hear from the Liberal benches that we are negative, that we are preaching gloom and doom and that everything, really, is pretty good in the context of the world situation. We are told that Canadian problems are not of our own making, but that somehow they are the result of world economic conditions which we are unable to change. I do not accept that kind of philosophy because, surely, a government, by virtue of its economic, taxation, employment and trade policies, plays a highly significant part in determining a nation's affairs. It is precisely because I am concerned about the sad state of our economy that I wish to criticize the measures we see before us in this bill and other measures put forward by the government.

I do not accept the argument that Canada is doing well by comparison with other countries, when I find that other industrialized nations, during the period in which the Prime Minister has been in office, have held their unemployment rates to a figure consistently below one-half of Canada's, and when I see that our inflation rate, despite controls, is higher than that of the United States without a control program. But I am most deeply disturbed by the lack of attention on the part of the Minister of Finance to the high degree of unemployment facing the nation. Unemployment is the number one problem, yet somehow I do not think the message has come through to the policymakers on the other side.

Over the past few years we have witnessed a preoccupation with inflation and with policies to control it. Unfortunately, those policies have failed. Inflation is still running at 9 per cent, well above the government's target. At the same time, the anti-inflation program has destroyed our economy to the extent that there is tremendously high unemployment—presently more than one million Canadians, taking into account the hidden unemployment figures. I shall attempt to show that the policies placed before us will not reduce unemployment, as the government says, but will only mean further hardship for millions of Canadians—the unemployed and their families—over the winter months. I want to outline some of my reasons for believing this policy will not work, and propose alternative plans.

I see by the clock that it is now time to move on to other business temporarily, so I will call it five o'clock and resume later this evening.

Mr. Deputy Speaker: It being five o'clock, the House will now proceed to private members' business as listed on today's order paper. As there are no notices of motions (papers) listed, the House will proceed to private bills and resume debate on Bill C-1001.

PRIVATE BILLS

BELL CANADA

The House resumed, from Thursday, November 10, consideration of the motion of Mr. O'Connell that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. Deputy Speaker: Order, please. When the House was last considering this bill, the hon. member for Winnipeg North (Mr. Orlikow) had the floor at six o'clock. I want to let him know he has about two minutes of his time left.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I think I have more than two minutes left. I looked up the *Hansard* for that day, and it was pretty obvious to me that I had not spoken for 18 minutes. I said when I last spoke that we were opposing this bill because what is being suggested here would give a tremendous amount of power to the company to do things it has not been able to do until now. I said that while I thought the company was very good at protecting its officers and its shareholders, it was not very concerned about protecting the users of the telephone service in Ontario and Quebec. I should like to quote from an article reporting a statement by the president of the Public Service Alliance, Mr. Andy Stewart. I quote again, Mr. Speaker, because I want to correct an impression I left. I quote the article as follows:

● (1702)

When the chief executive officer of Bell Canada retired, Stewart said, he received a lump sum payment of $575,000, was made a member of the board of directors at $201,000 a year and was guaranteed a $100,000-a-year pension when he fully retired.

Mr. Speaker, I was able to get access, and I am not suggesting for a moment that it is difficult to get access, to a page from the annual report of Bell Canada for 1976. This page deals with remuneration, direct remuneration and the estimated annual benefits upon retirement of senior Bell Canada officials. I would like to quote from a page of the annual report of Bell Canada for 1976. I wish, Mr. Speaker, that we had the right they have in the United States Congress to put something on the record, because this page is really a table which is much clearer when looked at than when read as *Hansard* will report it. The page has three columns, with three

titles at the top: first, name and capacities in which direct remuneration was received; second, aggregate direct remuneration; third, estimated annual benefits upon retirement. Then it lists a number of people, begining with R. C. Scrivener, and then there is an explanation:

(January 1 to April 30) chairman of the board and chief executive officer of Bell Canada; director of NTL. (May 2 to December 31) chairman of the board and chief executive officer of NTL: director of Bell Canada, Nedco, NTL.

Aggregate direct remuneration was $201,000. Then there is a footnote, and I will read it in full:

Includes Bell Canada's contributions under the employees' savings plan (1970). In addition to such remuneration, eligible officers who are enrolled in Bell Canada's employees' savings plan, as in effect from July 1, 1966, to June 30, 1970, are entitled to—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

An hon. Member: Too bad.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I would have thought the House would have wanted to hear the remainder of that very interesting argument by the hon. member for Winnipeg North (Mr. Orlikow).

An hon. Member: I think we are going to.

Mr. Peters: I am interested, Mr. Speaker, in the application that Bell Canada has under Bill C-1001 for a change in their financing structure. I am actually more interested in the reasons they are before us today. Everyone, I am sure, is in agreement that Bell is a multinational corporation, probably controlled by Bell of the United States and probably has more than a working agreement with IT and T, the largest multinational corporation in the world. They work very closely with each other in the manufacturing of goods in their subsidiary companies, and their purchasing structures, and in fact are probably the largest public monopoly in the world—their public monopoly, not in ownership but in the service that they are supposed to, and anticipate they do, render.

Bell Canada and, in fact, any public utility of that nature is very important to the nation. They are so important that when we set up our structure in Canada it was mandatory that agencies such as public utilities, whether they were privately owned or publicly owned, would have to come before parliament for changes in their financial structure, and this applied to only a limited number of things. It applied to railways, it applied to gas and oil pipelines, it applied to insurance companies, trust companies, finance companies, banks and other closely related public agencies. Why were they brought before parliament for changes in their financial structure? One of the reasons is that the public obviously has to be protected against a monopoly. When you grant a monopoly, whether it is for a sewage system, for lights, for streets or for anything that is universally supplied on a monopoly basis, there must be some way of controlling the cost of that service.

In most cases we control these services by having people elected who report to the public and are responsible to the public, both for their election and for their remuneration. In this case, where we are dealing with a private monopoly corporation in a public utility field, it was always agreed they would have to come to the public before they could change their financial operation and before they were allowed to make expenditures in a totally different field. Over the years some changes have been made. We have now reached the stage where many of these public agencies that were considered of such importance to the public have had to come before parliament to change their certification. They have had to come to change their financial structure. They have had to come to make major changes in the role they are playing in the field in which the federal government has a great deal of interest.

Over the years we have established, by letters patent, changes which have allowed insurance companies to be certified, to make changes in their financial structure, to amalgamate, to join with other companies, to do a number of things. We retained something for ourselves, something that was really no control at all, which was the right to demand in this House that before an order in council was granted allowing the acceptance of those letters patent, we as members of parliament would be able to question the decision the minister was making by order in council.

This type of operation has not worked. For a long time the government has depended on its members to vote for the government, whether or not they knew anything about the subject, whether they were concerned about the subject or, in fact, without any knowledge of the subject at all. So that after the debate was over they could always count on the order in council being approved, because if the members did not approve it there would probably be an election, and most of them were not too interested in having an election over something they did not understand in the first place.

There really has not been any control. Most people do not care if one insurance company has an arrangement or develops an arrangement with another insurance company. So we gave up our rights with the insurance companies. It got to the stage where nobody was too sure what was happening with the pipelines, so we gave that up. We have given up most of the powers for the establishment of public corporations. We have over the last four or five years made changes to the Bank Act which allow us to get rid of the power of parliament, to decide on the extension, capitalization and methods of operation of our national banks. We have really made a lot of concessions in this House, in the interest, I suppose, of getting things done. It seems to me that the public is very interested in some of the agencies over which we no longer have any control.

● (1712)

I am sure that if we were to give passage to Bill C-1001, we would be accomplishing what Bell wants, but we certainly would not be doing very much for the Canadian public. Because it is in a monopoly position in respect of a public utility, Bell really has a licence to print money. This company has a number of ways of raising money. During a previous debate an hon. member was talking about the national debt being something like $67 billion.

An hon. Member: No, $71 billion.

Mr. Peters: I think he said $67 billion, but we could bring it up to that level easily by adding Bell's debt which I understand is about $2.5 billion. It really would not make much difference. I am sure the hon. member who indicated it was $71 billion would not really care if we added Bell's debt to the national debt. I would be willing to do that by nationalizing Bell and taking over the $2.5 billion. I am sure we would be able to whittle that amount of debt down, even though we may not be able to do very much about the other.

What does Bell really want? It wants to expand into international markets and into other fields than the telephone business, and it wants to do this without any control. It is true that the company has to go before the CTC. Is it the CTC now, or has that been changed?

An hon. Member: It's the CRTC.

Mr. Peters: I guess they got tired of the CTC. They kicked them pretty hard for some time until Bell became experts in dealing with them, so the government changed it to the CRTC and it is now trying to develop experts to handle this monster. Bell is probably doing a little better with the CRTC than it did with the CTC. I am not prepared to let the cabinet deal with this matter. That would really be giving up the right of hon. members to protect the public from this utility. There is absolutely no legitimate reason for a public utility in a monopoly position being privately owned. There is no logical or justifiable reason for that. I can think of no case at all where there has been a public utility owned by the people, turned over to the private sector after being operated as a public utility.

Perhaps I should say that I can think of one instance. I know of a number of corporations which got rid of their garbage collection systems and turned them over to private enterprise. In most cases the cost went up and up to the point that the municipalities or corporations had to take the operations back and run the garbage collection system again. I do not know of any municipalities which have turned their lighting companies over to private enterprise, and I do not know of any that have turned sidewalk construction or road building and maintenance over to private enterprise. I can remember they started out that way in Montreal and one had to pay to cross the bridge until everybody, even those in the province of Quebec, decided they had paid for the bridge time and time again and they wanted to own the bloody thing, so they gave it back to the people.

Generally speaking, I do not think that once a public utility has been owned and operated by the people it is ever transferred the other way. I do not think that even in British Columbia, where all the parties got together under the banner of free enterprise, they turned the hydro company or the roads or other public utilities over to private enterprise. Public utilities enjoy a monopoly position, and they must be in that position, but they certainly should not be in that position for the purpose of printing money. That is really the privilege that Bell Telephone is seeking.

I am amazed at the concessions that Bell Canada has been granted. When a hydro company puts power into your house, you get a bunch of connections on the wall. Hydro approves them, and that is the end of it. If you want to put a Westinghouse stove in and connect it to hydro, that is fine. If you want to put a Frigidaire in, that is fine. I am sure that General Electric has some equipment in almost every home. The telephone company, on the other hand, says it wants to put in not only the service or the facility, in a monopoly position, but it wants to sell all the parts or appliances to be used on that system: you cannot put in any other make.

The government has got a facility in my house. I hope someone makes up his mind pretty soon whether it is to be changed, because I am sure this company is not going to charge me for it. I am quite prepared to pay the telephone company to come into my house with the service, but that is the end of it. If I want to buy my telephones from Radio Shack, I will do so, and if the company wants to take me to court, that's fine. If I want to rent a telephone from them, that is fine; but if I want to buy one from somebody else, I intend to use that one too. As long as it has an acceptable standard stamp on it, then as far as I am concerned it is none of the company's business what I do in my house.

We have given all these concessions to Bell Canada. It now wants the right to increase capitalization without supervision by parliament. This company really does not want to increase its capitalization. What it wants is to be able to do anything it wishes, including increasing capitalization. If the company had just wanted to increase its capitalization, it would have brought a bill before us that said so. I can remember the company coming here when it wanted to increase its board of directors. Did it really make a huge difference to Bell whether it had 15 or 20 directors? It sure made a lot of difference to them when we included an amendment which said that one of those directors had to be appointed by parliament or the government to represent the public, without involving share capital. We were not going to buy the position; we were just going to control one directorship. Let me tell you that they put up a battle for a couple of years over that.

I had very interesting conversations every Friday afternoon with the president of Bell Canada who came to tell us why they could not accept that one directorship. His argument was that we did not need a director on the board to look after subscribers' problems, because he handled all the complaints as president of Bell Telephone.

An hon. Member: And he got $201,000 a year for that.

Mr. Peters: He was certainly well paid—$201,000, plus a free telephone for life, plus, I suppose, he could stay at Place Bell Canada when he came to Ottawa and fly in their jets. He probably even gets a telephone from the Maberly telephone exchange which is now fairly prestigious. It was only 121 customers, as I understand it. They will always enjoy their present basic rate, because the company owns buildings in

downtown Ottawa, a fleet of trawlers and a fleet of aircraft. This just goes to show how much money a telephone exchange is worth. That one little telephone exchange with 121 customers owns, in addition to Place Bell Canada in downtown Ottawa, a fleet of jets and a fleet of trawlers plying the seven seas. It is a pretty rich little exchange which has not had an increase in rates since Bell bought it.

An hon. Member: When, in 1860?

Mr. Peters: No, it was not that long ago. However, you raise a very interesting point. It has only been a few years since Bell bought that small telephone business and already it owns a fleet of jets, a fleet of trawlers and this building, yet it has been producing for Bell for a very short period of time. I suggest these 121 subscribers are not really paying for these things. I am sure the company will never go to the commission asking for a rate increase, because it would then have to open its books. I am sure this will never happen until all these people die off. I am sure it is hard to get another telephone, but as long as those people are there, I am sure they will pay the same rate.

• (1722)

Bell Telephone has an excellent telephone system, and no one is complaining about the system as such. Sure, one can complain about the fact that they have not provided a rural telephone service, but I think on the whole it compares with other telephone systems throughout the country and throughout the world, so there is nothing particularly bad about the Bell Telephone company. If Bell Telephone were to ask us to provide money so they could put in telephones in Searchmont, if they were to tell us they would put in telephones throughout the rural areas of Ontario—

Mr. Foster: We have been trying to get them out there for a long time.

Mr. Peters: I know, of course. Let me tell you, my friend, that if you help to pass this bill, it will not speed up the provision of a telephone service in your area one iota. If you raised their money by $10 million they would still not put in telephones in your area any faster. So if you vote for this bill so as to get telephones in Algoma, forget it, because it will not happen. Neither will it happen in my area, or in other areas in Ontario, if we increase the capitalization of this company.

If it were an honest financial transaction because they needed to go to the market to raise money to modernize rural telephone systems, then we would say, fine, go ahead. There is not a member of my party who has not some area in his constituency which is in difficulty for lack of telephones. I could tell my colleague, the hon. member for Algoma (Mr. Foster), of very interesting machinations by the telephone company—in fact not only one of them, but three of them, because CNR also has provided a telephone system in a little place called Shining Tree, a place which he probably knows quite well. For all the fuss that was made there, it is no wonder they finally got telephones in that area. But if we had

increased this amount by $10 million, it would still not put them in a better position to provide telephones in Shining Tree faster.

Most hon. members who have considered this realize, as has the Canadian Transport Commission for a number of years, that in the rate increases for which they ask they are not really asking for money to operate telephone exchanges or money to pay higher wages to their employees; what they are asking for is money to buy into other corporations. If we were to give them the right to raise whatever money they wanted, they would buy Telecom, they would buy all the other telephone companies in Canada, and they would develop a monopoly from one coast to the other. With the exception of the Maberly exchange, I am sure they would make an effort to take over every telephone company in Canada. I would go even further and say that if we were to allow them to raise money as they wish to do, they would not only stay in Canada, they would go into a number of other businesses throughout the world, because they have already done so. The Maberly exchange, with 121 subscribers, only a few miles from Ottawa—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that the time allotted to him has expired.

Mr. Peters: Mr. Speaker, I ask you to ask the House for unanimous consent to allow me to continue.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): There is not unanimous consent.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I must say I come to this debate rather late, and I apologize to you and to the House if there are any points that I misunderstand. I am pleased to see that my honourable and intelligent colleague, the hon. member for Scarborough East (Mr. O'Connell), has introduced the bill. I know he would be anxious to correct any misunderstanding that one might have, although I must say I am a bit surprised that the hon. member is piloting the bill through the House. I am beginning to think he is serving some kind of a penance on that side of the House. Surely hon. members on that side of the House have to draw straws in order to pilot such a bill through the House.

I remember the hon. member for Kenora-Rainy River (Mr. Reid) attempting to pilot the IAC bill through the House. I must congratulate members on the other side of the House who draw those short straws and have to go through the exercise of allowing major monopoly corporations to avoid the proper regulatory function. The initial point I would like to make about the bill is that this is the place where monopoly operations such as this must have the ultimate regulation. There is, of course, a rule for the CRTC, but to produce legislation and avoid, in effect, a reasonable and full debate about this legislation is a very serious avoidance of the parliamentary process.

So no matter what we may think are the merits of the bill—I do not happen to think the bill has much merit—surely, as members of parliament, we could agree on one principle, namely, that when bills come in front of the House which mean that the House does not have to review them or look at them any more, whether or not we agree with the principle of the bill as designed, we can surely agree on the principle that this is the place to review bills for capitalization change in major corporations.

As I see the bill, it attempts to do a number of things. First, it is a revision of the act of incorporation relating to the company's ability and methodology, including the removal of the scrutiny of the appropriate government regulatory body. It grants Bell, if passed, the power to borrow, issue stock, bonds, debentures or other securities the company deems necessary, plus it would give Bell the right to fix whatever price on the sales that it wished. Subsequent sections would provide Bell with the authority to establish voting rights, by-laws, procedures and alterations to issue shares as Bell may deem necessary. The present authorized capital is $1.750 million. The bill proposes a capitalization capacity of some $5 billion. I would like some guidance from the hon. member who has introduced the bill. I see he is not in the House.

An hon. Member: He will be right back.

Mr. Leggatt: I will leave this point until later, because I am quite serious about it. Let me just say, for the record, that I want to know whether an increase in the capitalization will mean that the return on the investment on which the regulatory agency has to pass judgment will have to be increased when you increase the capital structure of the company. I would like to have the question clarified as to whether you can increase the invested capital of your company through changing the capital structure under the bill, thereby increasing the rate of return, which is not related to the service that is being provided to the public. In any event, if I am wrong, I would be happy to be corrected on that point, but it seems to me to be a real risk.

In essence, the major criticism continues to be that this bill will have the effect of avoiding the consequences of a parliamentary debate and of avoiding the consequences of MPs scrutinizing that company. In effect, it will take away from us, as members of parliament, our sworn duty to look after our constituents with regard to these matters. We have heard some public criticism of most telephone companies, some of it by the CRTC. For example, the B.C. Telephone Company has used many beautiful devices for avoiding real regulation. I am relating this matter to the bill because exactly the same principle applies to Bell Canada.

● (1732)

As soon as a telephone monopoly finds any profitability in the company—and I defy anyone to dispute this after examining the record—the first thing that is done is that the profitable section is spun off to make sure that when the regulations come down they regulate only the low profit section, and the high profit sections go off into self-owned or partially controlled or owned companies.

Mr. Friesen: Can you give an example?

Mr. Leggatt: The hon. member for Surrey-White Rock (Mr. Friesen) asks for an example. I think probably the best example in B.C. is what happened to certain services provided by B.C. Telephone. Those services used to be under the ambit of B.C. Telephone, and therefore had to be included in terms of the profitability of the company. For years the Canadian Transport Commission regulated the profits of B.C. Telephone and included the most profitable section of the operation, which was its yellow pages and directory service. I do not think it took too long for the company's solicitors and accountants to have a look at this and hive off that profitable operation into a private, self-owned and controlled entity. That profitable operation would therefore no longer be controlled by the regulatory body. Therefore, what the public looks at is the bare bones of the telephone system.

The public gets to look at only the worst example, the operations which do not make a lot of money and which have to return on investments about 6 per cent. I believe that is what they are now allowed on invested capital. When profitable sections of companies are hived off—for example, the purchase of telephone services from wholly owned subsidiaries—we are not dealing at arm's length and we are not dealing with the market price.

The hon. member for Timiskaming (Mr. Peters) talked about rental arrangements. It is almost impossible to buy a telephone. Everything is rented. I remember having a little buzzer put into my law office. I think I was charged 50 cents per month for that buzzer. The buzzer was paid for after the first two months. It has now been there about 15 or 16 years, and I feel I own part of the company now. There is a reason why these services are not sold to us. The reason is that in the world of real competition the company would be out of business.

That is the whole basis for our philosophy that a private monopoly does not compete in the free market. Its charges do not compete in the free market, its products do not compete in the free market, and therefore it is an appropriate vehicle for public ownership.

Mr. Friesen: Mr. Speaker, would the hon. member permit a question?

Mr. Leggatt: By all means.

Mr. Friesen: A few minutes ago the hon. member for Timiskaming (Mr. Peters) was saying he wished he could buy his telephone from Radio Shack—

Mr. Peters: I already have one.

Mr. Friesen: —because it is cheaper to buy one from Radio Shack.

Mr. Peters: No, it isn't. It doesn't save money. I just own it.

Bell Canada

Mr. Friesen: The hon. member for New Westminster (Mr. Leggatt) agrees that is is cheaper to buy one, but obviously there is some advantage. The telephone company in B.C. to which the hon. member is referring is in some conflict with members of the union there over the right to buy equipment where the company wants to buy it. Would the hon. member agree that that is a principle which ought to apply to B.C. Telephone? He says he has paid for his buzzer over and over again by making rental payments. Does he not agree that B.C. Telephone has the right to buy equipment wherever it wants in order to stay profitable?

Mr. Leggatt: Mr. Speaker, I am not able to supply my hon. friend with an answer because I am not familiar with the background of that part of that dispute. The hon. member is alleging that at the moment the union is trying to tell the company that it cannot buy from certain companies. I was not aware that it was possible, in view of restraint of trade legislation, but nevertheless I do not know the answer to that in the context of that particular dispute. I think in principle the question is a good one. I think that the free flow of products for telephone service should be there, but nevertheless the key point is that a privately owned monopoly in many, many case does not deal in the free market with regard to its own services.

I would be interested in knowing what the relationship is between Northern Electric and the B.C. Telephone Company. I do not know whether there is some interlocking arrangement, and it may be that the union is seeking to support some brother union members in another firm. That is entirely possible. I do not know. I do not like to see that kind of lock-up in terms of the free flow of products, but we are still not coming to grips with the essential question which is: is it appropriate in terms of our needs in telecommunication that large private monopolies should continue to provide these kinds of services? We hear much about how inefficient public corporations are. It is the conventional wisdom now that anything publicly owned cannot be effencient. But in fact public telephone companies have been kicking the stuffing out of private telephone companies in Canada regarding price and service for a very long time. I wonder if there is anyone who lives in Manitoba who would like to see a private telephone monopoly.

Mr. McKenzie: On a point of order, Mr. Speaker—

Mr. Leggatt: There is a fellow who wants to see a private monopoly.

Mr. McKenzie: The hon. member just asked a question, and I would be only too happy to answer. I have heard this repeated reference to telephone rates, and I wonder if—

The Acting Speaker (Mr. Turner): I would like to say to the hon. member that that is not a point of order but a point of debate.

Mr. McKenzie: Would the hon. member entertain a question?

[Mr. Peters.]

The Acting Speaker (Mr. Turner): The hon. member for Winnipeg South Centre (Mr. McKenzie) rose on a point of order. He said nothing about a question. Would the hon. member for New Westminster (Mr. Leggatt) accept a question? He has roughly five minutes.

Mr. Leggatt: Mr. Speaker, I have only five minutes left, so I would be happy to discuss this after I have finished my remarks.

Mr. McKenzie: You are misinforming the House.

Mr. Symes: The rates are lower.

Mr. Leggatt: I will give the rates. Then we can study them.

Mr. McKenzie: I know the rates. I was in the business 30 years.

Mr. Leggatt: In the city of Winnipeg the private rate is $4.90. These are 1976 figures. The business rate is $11.65, this with a public telephone company. In Toronto the business rate is $22.10, and the private rate is $7.45. In Vancouver where there is a private monopoly telephone company the private rate is $8.05, and the business rate is $24.20. In Edmonton there is a very sensible Conservative government, and there is a public telephone system. The private telephone rate there is $5.80.

I have not heard my friend, Premier Lougheed, lobbying to bring private telephone companies into Alberta, and there is not much of a move in that direction in my hon. friend's home province either. The plain fact is that a public monopoly in this field operates more efficiently than a private monopoly, and there is a good reason for that. The private monopoly uses its mandate to increase the profitability of its subsidiary companies.

People sometimes accuse us of being against business. I can go through the rates in Canada again, and we will find that the only friend the small businessman has, as far as telephone rates are concerned, is this party, because public telephone rates for business are consistently lower all across the country. If we want to reduce the cost of business, let us bring in public telephone companies. Clearly, that would save money.

I did want to spend a moment or two on a subject which is directly related to the question of the change in telephone company capitalization. It deals with a very abrasive strike in the province of B.C. which has been going on for some time between B.C. Telephone and its workers. The workers in that company have been kicked around in the press. They have had rotating strikes and they have blocked traffic. Mr. Speaker, people are tired of strikes. They see the disruption, but they do not see what is behind the dispute.

● (1742)

Let me tell what happened in the B.C. Telephone Company dispute. A conciliation commission recommended settlement within the AIB guidelines. In other words, the recommendation to the union was to settle below the AIB guidelines, and the union accepted that recommendation. The company, how-

ever, has rejected the conciliation report and has attempted to remove the job security clause that the union has had two years. That is what is at the heart of the dispute.

Why is there a dispute? Bell Canada, because of an AIB rollback, had a windfall profit of some $13 million, and I believe B.C. Telephone was looking for exactly the same result in this dispute with its employees. When it did not get it, it found it could carry the stress anyway. If you examine the merits of that dispute objectively you will find that the workers in the union are on the right side of the issue.

That particular dispute could be settled tomorrow, but one of the reasons it is not settled is that this private monopoly does not have to withstand the market forces where people are in competition. A strike or a labour dispute is usually an economic war—how long can the workers hold out, how long can the company hold out? A private monopoly can hold out forever because, at the end of the road, all it has to do is go to the regulatory body and say, "Those are our costs, that is our capitalization, such and such is the rate of return we must have on our investment." That is one of the reasons we will have increasing labour trouble in Canada—private monopoly telephone companies.

I now move, seconded by the hon. member for Winnipeg North Centre:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-1001, an Act respecting Bell Canada, be not now read a second time but that it be read a second time this day six months hence."

One of the other matters about regulations that we constantly ignore in this House is that because of the technology in the telephone business it should be one of the most efficient. New technology over the last 20 years can reduce the cost of communications very substantially. Yet we find that these big, fat, lazy, private monopolies have not taken advantage of that technology and have continued to pass on their costs to the consumer. They have not practised the kind of efficiency we should expect from them.

I have every sympathy for the hon. member for Scarborough East, who has been saddled with this awesome and distasteful task—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome the opportunity to speak in this argument we have been hearing from the New Democratic Party on telephone rates. There are a few things with which they are not acquainted. There are no low telephone rates in large cities like New York, Los Angeles, Toronto or Montreal. Hon. members of that party might be under the impression that volume leads to low rates. Large cities do not have low telephone rates however, because it is very costly for the telephone company to provide trunking facilities, exchange facilities and so on.

Members of the New Democratic Party have mentioned the efficiency of provincial telephone companies which are Crown corporations. I worked for one of them for 30 years, Mr. Speaker, and I know that today they are run on advice and specifications provided by Bell Telephone. They are called Bell specifications. The telephone companies of Alberta, Manitoba, and Saskatchewan get these specifications from Bell and Northern on how to run the commercial department, the plant department, and the engineering department. These are provinces with small populations, and low rates can be provided in cities like Winnipeg, Brandon, Saskatoon, Regina, and even Edmonton.

In large centres, especially Ontario, it is very costly to provide exchange and trunking facilities. In areas like Mississauga it costs hundreds of millions of dollars to provide telephone service. Everytime a new centre is built with a population of 100,000 or so, it must have access to all other parts of greater Toronto and Ontario. This is very costly and it is why the rates are high. That is the difference between the Crown corporations in the small provinces and Bell. I must emphasize again that they get all their information on how to operate from Bell and Northern.

I hope I have made that clear to the hon. member for New Westminster (Mr. Leggatt) and the hon. member for Winnipeg North (Mr. Orlikow). I did not have a chance to speak on that point the other day.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I welcome the opportunity to speak on the amendment of the hon. member for New Westminster (Mr. Leggatt) because I think it is extremely wise to cool off for six months and take a good, hard look at this bill.

I have not made it a secret in this House that I am absolutely opposed to this bill. I have said it would be a dereliction of my duty as a representative of my constituents who, by and large, depend on non-urban telephone service, if I were to let this bill go through. The bill would allow Bell to escape forever the scrutiny and examination of members of parliament. My constituents are not in Mississauga or Toronto, they are in small communities, and the Bell Telephone Company tells them it would cost $20,000 to instal a telephone.

An hon. Member: One telephone?

Mr. Rodriguez: One telephone, something which is not a luxury any more. The hon. member for Timiskaming (Mr. Peters) may go to Radio Shack—I recognize there is some conflict there because his son has the franchise and he can buy all the exotic equipment and buttons he wants. We are not interested in that. We are looking for the basic telephone service.

I want to read into the record part of a letter dated January 28, 1977, from a constituent. It reads as follows:

Dear Sir

I am hoping you can help myself and four other families with our problem with Bell Tel. The phone comes to within one mile of us. I've been trying to get the phone for three years. There are five families—ourselves, pensioners, Mr. and Mrs. Frank Carriere, pensioners, also Mr. Carriere's health is not good, Mr. and Mrs. Ed. Blomme, Mr. and Mrs. Dorrice Carriere—when Dorrice is in the

bush cutting pulp his wife is alone with two young children and Mr. and Mrs. Laurence Carriere who also have young babies. The Bell told my husband this morning they would require $108 from each of us toward the line, eleven dollars installation and a reasonable monthly rate. It's the $108 that is really beyond Dorrice and his family and it would be a hardship for the older Carrieres and ourselves. Could you please find out if this is really needful?

● (1752)

I wrote to Bell Canada and I received the same bubble-up I always get: that it will cost to instal the telephone; that they are not providing welfare to people; and that those people should move into the city to live.

An hon. Member: Shame!

Mr. Rodriguez: We have to try to touch the hearts of those apologists for the large corporations with a little bit of sympathy, concerning problems communicated to us through the pens of the poor folk.

I should like to refer to another letter dated March 20, 1977, which I received from Mrs. Elma Hutchins of Markstay, Ontario. It reads as follows:

Dear Sir:

Thank you very much for your efforts on our behalf concerning Bell Telephone. I made a last trip to my different neighbours. The Blommes and ourselves would have paid the $108 but the Carrieres refused to. If the line comes in they would take it but won't pay toward the line. It was a large sum for us also but in case of fire or accident the $108 would seem a small sum. I don't know if I had told you but my son was in a bad accident on February 3. He was hurt at 8.30 in the morning and had been in hospital ten hours before I knew about it. Thank you again.

Largely because of the fact that this bill is before the House, I am sure Bell Canada decided not to ruffle up this guy Rodriguez, to pacify the New Democratic Party, and to give us some things. Finally we received some action, and the telephones were installed.

I should like to refer to the last letter which I received from Mrs. Elma Hutchins dated October 25, 1977, which reads as follows:

Dear Sir:

My late thanks for your help with the phone. I had hoped to see you on your visit to Markstay but I had just had a nasty fall and broken bones in my foot. This was my second fall this summer—both my own fault. In the first I had broken ribs. I watch the polls and hope to see Mr. Trudeau start to slide soon. His ideas on our economy are dreadful. I have three grandsons who will be caught in the possible lay-offs at INCO. Two more who work for other companies who will probably lay off also. Mr. Broadbent seems a much more sensible person seen on TV than Mr. Trudeau and I think this is what we need right now. Thanks again for your help.

I was glad we were able to assist these people in getting their telephones. As I said before, we were able to squeeze this kind of service out of the hard hearts of those Bell Canada people, because of the fact that they knew this bill was before the House and they knew we would filibuster the bill. They were right. That is what we will do.

Members of my party have been arguing consistently that we need to develop northern Ontario with small entrepreneurs. Our party has never opposed small entrepreneurships. As a matter of fact the best friend of the small entrepreneur is the New Democratic Party, and certainly not the Liberals and the Conservatives who are for big business. We hope we represent the interests of small business.

I should like to refer to a letter I received from a small business entrepreneur in Gogama, which is north of my riding. He does not live in my constituency, but he decided to write to me. He wanted to instal a public telephone at his place of business to serve the public. He had written letters to Bell Canada, the Minister of Communications (Mrs. Sauvé), the Postmaster General (Mr. Blais), the hon. member for Timiskaming, the hon. member for Sudbury (Mr. Jerome), and myself. The problem was that Bell Canada wanted to charge him $20,000 to instal a telephone. The letter I received from him is dated August 15, 1977, and it reads as follows:

Dear Mr. Rodriguez:

Thank you for your letters of July 5 and 28 re Bell Canada. I agree with you that we seem to have come to a dead end on this matter, but due to Vagabond's responsibility to provide road service to the travelling public, which includes emergency service, Vagabond will make sure that the public it serves is fully aware that Bell Canada, the monopoly in this public utility, has completely abdicated its responsibility and has refused to instal a pay telephone.

This will be done by the posting of a sign and handing out printed notices to our customers, which would read as follows:

"Dear Customer:

Bell Canada has refused to instal a public pay phone at its own expense, on these premises. The nearest public pay phone is two miles away in Gogama. If, under emergency situation, this lack of public pay telephone service has caused you harm in any way, we will assist you in laying criminal charges against the federal minister, the federal public service administrator and the Bell Canada administrator responsible and accountable for this lack of service."

Again, Mr. Rodriguez, I must say thank you for your concern, and especially for the ardent desire you have displayed in this matter. I just wish we had more of your kind in Ottawa, who are genuinely concerned with the availability of services to the people who help develop the north.

Yours very truly,

B. Petitclerc,
President,
Vagabond Ltd.

Mr. Hnatyshyn: Mr. Speaker, I rise on a point of order. I think the hon. member for Nickel Belt (Mr. Rodriguez) has breached the parliamentary tradition of remaining modest, and he has demonstrated immodesty by reading praises of his own work.

Mr. Rodriguez: Mr. Speaker, I have read the words of my constituents into the record, because of the fact we have this bill before us. May I call it six o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

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

ENERGY—HOME INSULATION PROGRAM—POSSIBILITY OF INCREASING FUNDING OF RESIDENTIAL REHABILITATION PROGRAM

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, in this adjournment debate I should like to refer to my question to the Minister of Energy, Mines and Resources (Mr. Gillespie) on November 14 in which I tried to explain the weaknesses which exist in the Canadian home insulation program. The program denies the persons in Canada who need it most the advantage of the grants which are paid.

As I have pointed out before, there has been a program in existence which provides what is needed for those people on fixed and low incomes, who cannot afford the increases in fuel oil or in hydro power, in order for them to cope with the cost of living which exists today. On a number of occasions I have brought this to the attention of the Minister of State for Urban Affairs (Mr. Ouellet). It is one of the best programs ever produced by the government. I refer to the Residential Rehabilitation Assistance Program. It provides everything that a person on low income needs, but cannot afford, in order to have that insulation.

● (1802)

There are many homeowners in Newfoundland with fixed or low incomes in the $6,000 or lower category. Their homes are deteriorating because they cannot afford to maintain them with the present cost of building materials. How can they take advantage of this $350 grant when they do not have a porch, verandah, walls or windows that keep out the cold; storm windows, proper plumbing, basement, a proper heating system or proper electric wiring? That program, which has been in existence for four years, provides grants of up to $3,750 to allow them to do that. It provides grants of up to $750 for those in the $10,000 bracket.

Granted, the home insulation program will fill a need for some people. However, it eliminates those who need to save fuel the most because they cannot afford it.

Every time I have questioned this in the past two or three years, I have been told there is not enough money available. However, the government now comes out with a massive $1.4 billion program, the Canadian Home Insulation Program. This is contradictory to its other programs and is directed to only a few people.

I do not know how these programs are devised. It is so ridiculous it is not even funny. What they do is set up a new bureaucracy. I can see their hands moving now. With the $1.4 billion, they can build a new bureaucracy and promote some people.

One office was set up in Montreal to handle the 1.2 million people who will qualify in the first year. There is only one number that these people can call. The people in my district cannot get through to Montreal. They cannot even get through to me because of lack of telephone service. What about those in the Yukon or Northwest Territories?

The government has come out with this $1.4 billion program. However, in the first year it is providing only $45 million to satisfy 133,000 units. The minister stated that there have been 60,000 applications. That was in only two months since the program started September 1. If every application were approved, it would take $30 million. Therefore, how are they providing any help?

There is something else I cannot understand. Through this program members of the government are creating discrimination and destroying national unity. The country has been divided into different regions under this program. In Nova Scotia and Prince Edward Island the citizens there receive $350 for $350 spent. God bless them, they need it. However, in other provinces you must spend $500 to receive $350. I do not see the reasoning.

This country has also been separated because in New Brunswick, Quebec, Ontario, Manitoba, and Saskatchewan, only homes built prior to 1921 can qualify. Dwellings in Newfoundland, Alberta, British Columbia and the Territories qualify if they were built prior to 1941. It amazes me how they can keep confusing the people.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am glad to clarify a few points for the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) concerning the Canadian home insulation program.

The Residential Rehabilitation Assistance Program, or RRAP, now includes insulation, but this is not the main purpose of this program. One of the restrictions of the program is that it applies only to very specific areas of the country. If the problems mentioned by the hon. member occur, we shall probably have to consider a more general approach to the problem than amending RRAP.

In so far as the problem mentioned concerns insulation needs rather than more general housing problems, the solution must be identical to the other changes we intend to make to the Canadian home insulation program. It is too soon to evaluate the reactions to the program since insulation materials must be bought and installed before people can apply for a grant. Consequently, even though only 2,900 application forms have been received, about 32,000 have been sent each month in September and October. Many people have probably received the forms and are now insulating their homes, but they have not yet asked for a grant.

If this rate of response is maintained throughout the year and if all those who request an application form obtain a grant, 360,000 houses will have been insulated in the next 12 months. Moreover, if Alberta and Quebec homeowners become eligible and take advantage of the program to the same extent, the number of insulated homes will increase by 120,000. This total of 480,000 homes corresponds closely to the maximum estimated number of existing houses which could be insulated according to the insulation industry. In Nova Scotia and Prince Edward Island, where about 50 per

cent of owner-occupied homes will have been insulated under a similar home insulation program during the first year of application of the program, experience suggests that the response to the Canadian home insulation program will be considerable.

[*English*]

● (1807)

Mr. Speaker, the program can't be poor and at the same time be responsible for the shortage of insulation materials, for which it is being blamed. Nevertheless, as with any new undertaking, there are some start-up problems with the program. We are hopeful that, as the process evolves, the application procedure will be simplified.

In addition it is clear that, at least in Ontario, there is considerable confusion as to whether or not the program has been cancelled. This is, no doubt, caused by the recent cancellation of the proposed Ontario loan program. Undoubtedly we will have to direct a major effort to overcome this confusion and to ensure that the public is aware that the federal CHIP program is still available.

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. parliamentary secretary but the time allotted to him has expired.

NATIONAL HARBOURS BOARD—SUGGESTION GOVERNMENT ACTING IN ANTICIPATION OF PASSAGE OF BILL C-6

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, in this session of parliament we should be hearing a great deal about ports, more especially when Bill C-6 comes up for debate and when the hon. member for Halifax (Mr. Stanfield), the hon. member for Dartmouth-Halifax East (Mr. Forrestall) and I try to unravel the somewhat curious hesitancy of the Ministry of Transport in trying to question whether there should be an increase in containerization in Halifax, though certainly there has been rather indecent haste about providing for Montreal although, as far as I can see, the needs of both are about equal. But my main purpose this evening is to concentrate on Bill C-6 and, if I can, obtain some reassurance from the ministry about the future of the 150 or so people who work for the National Harbours Board and for the ports and harbours division of the Ministry of Transport. These people are very much affected by Bill C-6 which would replace much of the existing administration of our harbours across Canada with arrangements which are very, very new.

My understanding is that the Minister of Transport (Mr. Lang) is legally quite entitled to go ahead and have the officials in his department prepare for the day when the provisions of Bill C-6 become law, so that the administrative structure would be in readiness. But that is as far as it goes. Until the bill becomes the law of the land he may not start that administrative apparatus going. This is as it should be, after all.

● (1812)

The Department of Transport, at least the chairman and others of the National Harbours Board, and I have the Chairman's memorandum here before me, Mr. Pierre A. H. Franche, have acted with some dispatch in this matter but not exactly to the liking of a large number of employees who are now, frankly, I think scared to death. it may be that the minister's representative when he speaks will be able to quieten their fears, but their fears are in two particular areas. First, they were promised that any hiring in the future ports structure would have equal representation from both the Department of Transport and the National Harbours Board. We are told that this is not so, that it is only the Board which will have the say in the hiring, and the people in the Department of Transport—that is the section of that ministry I have referred to—are pretty uptight, and I would hope that the minister's representative would be able to set their fears at rest on this matter.

Secondly, those who are passing through the screening process were assured that the process of bilingualism would not substantially change the numbers now involved in the operations of Canadian ports. Our understanding, and again the minister's representative might be able to set the record very precisely on this point, is that of the 150 jobs in the new port set-up, 135 are to be classified as bilingual. This raises the very substantial question: by what criteria has the figure of 135 been reached, and why is it substantially in excess of the numbers who are now classified as bilingual?

I do not quarrel with the principle of bilingualism as such, but when you look at the numbers of ports across Canada, one would have to think of places such as Vancouver, and to a lesser extent Halifax, Saint John, St. John's, Newfoundland, Hamilton, and all of the other ports within the jurisdiction of the former or outgoing National Harbours Board, now to be within this new empire, and wonder whether as high as 135 of 150 is a necessary figure. Perhaps we can have an answer to that.

Again, I admit there is a justification for government, for this particular department and the minister to start reorganization now, but there comes a point at which they must take into account the House of Commons, the other place, and the Governor General who all have their say in this whole process, that is, there has to be a parliamentary enactment giving a blessing to this change that will be brought about by Bill C-6.

Mr. Franche in his letter to employees had this to say, and I will quote one paragraph from it. The letter is available to anyone who may wish to see it.

> Since the Minister of Transport has tasked—

That is a bureaucratic word "tasked".

> —the Commissioner-Designate with the responsibility of having an operational organization in place when the Canada Ports Act is promulgated, we must begin now to co-ordinate all the activities concerned with ports administration in Canada.

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but his time has expired.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I have listened with a great

deal of interest to the remarks made by the hon. member on this very important issue of the creation of a Canadian port commission. However, I must say that, in my opinion, the answer given to the House by the hon. minister on November 14 should dispel all fears that present employees of the National Harbours Board and all persons now working in the head office may have. I think the minister gave a clear denial to the allegations that the federal government is trying to fill positions within the Canadian port commission before Parliament has even promulgated the act which will create that commission. Last July, Mr. Speaker, the Minister of Transport (Mr. Lang) made a statement, and I quote:

> We have asked the employees of the head office of the National Harbours Board and the personnel of the harbours and piers division of Transport Canada to apply for these positions within the newly created commission so that we may be able to confirm their assignment by the time this act is passed.

So, Mr. Speaker, I think that this quotation illustrates quite well the fact that the new positions created when the Canadian port commission comes into existence will not be opened only to National Harbours Board employees but also to the employees of the head office, that is to say the employees of the department in Ottawa. As for the government, it is trying to ensure a continuity in the harbours administration during the transition from the National Harbours Board and the harbours commissions to the Canadian port commission, while at the same time offering the employees of the board and of the head office the possibility of making a career within the Canadian port commission. It is quite clear that the government has an obligation towards its employees and those of the board and of the head office who contributed so much to the present administration of these harbours and are therefore likely to transfer the benefit of their experience to the new organization. It is only justice that any uncertainty as to their future be removed and that they be given the opportunity before anyone else to apply for positions which will be created when this bill is approved by Parliament. The harbours policy review commission instituted by the cabinet in the fall of 1975 recommended that this Canadian port commission be set up before the passing of this new act so that it might become operational at the earliest. As for the government, it has met with the union representatives in Ottawa to show them the program governing the personnel under which their members will be placed following their reassignment to the new central organization.

● (1817)

[*English*]

Competitions for the senior positions started in July. Any proposed appointments, however, cannot be confirmed until the legislation is approved by parliament.

By this means, qualified employees of the National Harbours Board and ports and harbour headquarters groups will know in advance to which jobs they will move when legislation is passed. It is the best way to ensure continuous management of our ports, which is so essential to shipping and transportation in this country.

EXTERNAL AFFAIRS—APPLICABILITY OF GUIDELINES TO AWARDING OF MEDAL TO PREMIER LEVESQUE BY FRANCE

Mr. Stan Schumacher (Palliser): Mr. Speaker, I participate in this debate this evening as a result of a question asked by my friend and colleague, the hon. member for Dauphin (Mr. Ritchie), and also of my own question of yesterday addressed to the Secretary of State for External Affairs (Mr. Jamieson), which was as follows:

> Mr. Speaker, my question is for the Secretary of State for External Affairs. Can the minister tell the House if the medal awarded to Premier Levesque by the Government of France, which I understand is the second highest award that can be given by the French government, fell within the 1968 guidelines issued by the Government of Canada governing the receipt of medals and honours by Canadian nationals?

The minister, in effect, refused to answer my question when he said in reply that, first of all, the guidelines had no legal effect and were in no way binding upon anybody. I think that is a terrible admission to be made by a minister of a government which has issued some rather strict sounding guidelines.

Secondly, he said that the medal was widely distributed and therefore did not carry much distinction, so he did not even consider it necessary to check those guidelines. I think it is interesting to check the facts in this regard. This is a very old award in the history of France.

● (1822)

As I understand it, the Legion of Honour was established by Emperor Napoleon in 1807 or thereabouts. It is instructive to note that the first recipient of this honour was Czar Alexander of Russia. Some five years later Russia was invaded by the French. I do not know if that has any bearing on whether Mr. Levesque feels any insecurity as a result of the medal being awarded to him recently. However, the guidelines are clear that approval is not given to accept an order or decoration which is in relation to events more than five years prior to the proposal for the award.

I do not know whether Mr. Levesque received this award for services as a war correspondent during the Second World War. That was not stated. Being employed by the U.S. government, I suppose he did not feel it necessary to help Canada in that war effort.

The award is not approved for anyone who receives it on the basis of something which is at variance with considerations of general policy or public interest. I do not know what Mr. Levesque has done lately in this country which is good for the general policy or public interest of Canadians who wish to maintain our federation.

Section 3 of the guidelines says the following:

> Approval is, otherwise, contemplated in the case of any Canadian citizen . . . to whom an honour or decoration is offered on one of the following grounds:
>
> (a) for an extraordinary service to mankind;

I will be happy to hear from the parliamentary secretary whether Mr. Levesque has performed an extraordinary service to mankind or, as set out in subsection (b), has shown conspicuous bravery in saving or attempting to save life. Subsection (c) refers to important and personal services rendered to the

reigning sovereign or to other members of the Royal Family. I do not suppose the government is too concerned about that. Subsection (d) refers to services rendered while in the salaried employment of the donor country. That may be interesting. Approval is also contemplated when there is recognition of an exceptional achievement or service.

The minister said that this is a widely distributed medal. It is interesting to note that only one other Canadian prior to Mr. Levesque received this award. That was Ambassador Roy, who was Canadian ambassador to France for more than 25 years. That is a significant achievement, but that shows the importance the French place on distributing this award. I suppose "widely distributed" means that if it is awarded once it has wide distribution. It is interesting to note the effect of distribution on these guidelines. However, I wonder into what category Mr. Levesque falls.

An editorial in the Toronto *Sun* of November 15 asked the same question, as follows:

> In which category has Levesque shone so brilliantly that the French government, always a stuffy, pretentious government, chooses to abandon normal protocol and make the award without informing Ottawa?
>
> The French link with Quebec that Levesque is trying to restore is tenuous and ironic.
>
> De Gaulle, who started it all, despised Quebec as a place and Quebecers as a people. He has been quoted as viewing them as "Petainists"—followers of Marshall Petain who co-operated with Hitler: Cowards and quislings who wouldn't come to the defence of France in World War II.
>
> Unfair perhaps, but de Gaulle had a long memory stretching back to Quebec's voting *non* in the conscription plebiscite of the early '40s.
>
> A gallantry award to Levesque merely debases the Legion of Honour and shows him up as a man of little class. Style, maybe, but no class.
>
> That Quebecers should feel allegiance to France is mysterious and ill-conceived. For centuries French-Canadians were abandoned by their home country. In fact the very existence of their language, culture, rights today are due primarily to the generosity of their British victors. Tough to swallow—but true.

I wonder what category the parliamentary secretary will put this in, and I hope—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I know my distinguished colleague is not hung up on that subject and neither am I; nevertheless, I listened with great attention to his very interesting observations on the question of the Premier of Quebec receiving a decoration from the French government.

[*Translation*]

The Canadian government was in fact advised of the possibility that Mr. Lévesque might be awarded a medal but the French government did not ask for an authorization.

When advised of the French government's intention, the Canadian government, through the usual diplomatic channel—its embassy in Paris—reminded the French government there was a regulation governing Canadians accepting and wearing insignias, orders, decorations or medals given by Commonwealth countries and foreign governments. This regulation, as mentioned by my hon. colleague, was issued by the Secretary of State in 1968 and stipulates that acceptance by Canadian citizens of distinctions, decorations or medals, whatever their class or order, is in every case subject to preliminary agreement by the government of Canada and preliminary publication in the *Canada Gazette*.

The Canadian government also reminded the French government there is an international normal practice according to which the government of the honoured recipient is normally informed of the intention of the foreign government and its authorization is requested.

In this case, the usual protocol has not been respected. However, as was indicated yesterday in the House of Commons by the Secretary of State for External Affairs (Mr. Jamieson), the Canadian government has no real intention to take further action on this issue.

The Acting Speaker (Mr. Turner): The motion to adjourn the House is now deemed to have been withdrawn. I do now leave the chair until eight o'clock tonight.

Motion withdrawn.

At 6.30 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, before the debate on this budget bill was interrupted for private members' hour, I was outlining my concerns about the inadequacies of the budget introduced last March and subsequently reaffirmed a couple of weeks ago by the present Minister of Finance (Mr. Chrétien).

Canada's number one problem is unemployment, but I do not see that recognition in the budget before us. On other occasions I have gone into the reasons why we have high unemployment in this country: the dependence on resource based industries, the lack of manufacturing, and the lack of research and development to stimulate our manufacturing industry. I will not belabour that point at the moment.

As all members are aware, the unemployed and their families are the first to experience the pain and dislocation which come with not having a job. I wonder how many working Canadians understand what they themselves pay in terms of this high unemployment? We are experiencing the effects of approximately one million jobless Canadians. We all have to recognize what is happening to our unemployment insurance program.

For the first half of 1977 payouts in the unemployment insurance program totalled $2.1 billion; but the projections are that by the end of this winter the total cost of this program will have doubled to $4 billion in order to keep people off the welfare rolls. The fund does not have enough money to make that kind of payout, and therefore working Canadians have to pay for this high unemployment through their tax dollars in supplementing the unemployment insurance fund.

Also because of high unemployment, we suffer from the loss of billions of dollars in tax revenue. The government does not get tax revenue from Canadians who are unemployed. That means there is less room to manœuvre to maintain programs such as the old age pension. I wonder if every working Canadian realizes that last year every man, woman, and child lost approximately $520 in goods and services not produced because of high unemployment. Family problems, alcoholism, marital break-up, and increased crime are caused partially by the high unemployment we are experiencing today.

One of the saddest repercussions is the disillusionment which this causes to young people, whether they be university, community college, or high school graduates out on the labour market for the first time. We have told our young people to get an education and the world would be theirs. Unfortunately today we find 46 per cent of the unemployed in this country are under 35 years of age. Even after having high hopes and training, the young people are the first not to find a job. I worry about what is happening to the future generation of workers whom we are going to depend on when they experience this kind of disillusionment because the country has not organized its economy in such a way to give them that all-important job. I think of the most disillusioning experience I saw first-hand.

● (2012)

I travelled with the leader of our party a few months ago to Newfoundland. We looked at the state of the unemployed there. That is not unemployment that is seasonal, but unemployment that has affected adults and young people year after year. No matter how hard they try, the job vacancies are not there.

A kind of dependent psychology is beginning to take hold in areas of Atlantic Canada where there is no hope of ever finding a permanent job. This was vividly demonstrated to me in a little slip of the phrase, I suppose, when we were interviewing some unemployed people. We were talking about unemployment insurance payouts. They never referred to it as we do, as an insurance program. They called it "the pension". Unemployment had become a way of life, and unemployment insurance had become their only means of livelihood. Therefore they looked upon it as a pension. They were dependent on it. The whole idea of the work ethic had been eroded through no fault of their own, but through the fault of the Canadian and provincial governments which had so organized the economy that these people could not find work.

I am also concerned about the government's analysis of those who are unemployed. The Minister of Employment and Immigration (Mr. Cullen) has often said that unemployment is not all that serious because so many of the unemployed are women and young people. They are looked upon as secondary earners, people who are really not that serious about seeking a job or for whom having a job is not as important as the so-called breadwinner, the adult male of the family.

Let us look at that argument and the statistics we have for last year on the unemployed. They are the latest available. I am indebted to H. L. Robinson, an economist, who has written in the September issue of *Canadian Forum* a brilliant analysis of this problem.

When we look at this 1.1 million unemployed Canadians, how does it break down? We find that unemployed men represent about 8.9 per cent of the labour force. Breaking that sector down into age groups, those 15 to 24 years old represent 17.7 per cent of the labour force, and those over 25 years old, 6.1 per cent.

When we look at the women who are unemployed, we find that they represent not 8.9 per cent but 14.5 per cent of the unemployed. With the age groups, those 15 to 24 years old represent 18.1 per cent, and those over 25, 12.8 per cent. In other words, the majority of the unemployed in this country today are young people or women. The majority of these unemployed belong to families in which at least one other person is working.

Given those statistics, the Minister of Employment and Immigration advances the argument that somehow unemployment among this group of women and young people really is not that serious. Because they are not adult males, the breadwinner of the family, their unemployment is only secondary.

Aside from the male chauvinism in that argument, the minister and his colleagues ignore a very important fact, the fact that so many wives and young men and women work for the following reasons. First, they have to work in order to supplement the family income so that they can make ends meet. With the kind of inflation that we have, one income is simply not enough to maintain or improve the standard of living in relation to the inflation of the past few years. What do I have to back up that contention?

Using figures from 1975, the latest available, we find that the average annual wage earnings in Canada were $10,574. That is what the average person earned in 1975. The average family income in the same year was $13,805. If you look at the breakdown of those earnings, you find that 60 per cent of all wage earners had incomes below the average of $10,574.

According to Statistics Canada, any family with an income in an urban centre of $8,422 or below was classified at the

poverty level. When 60 per cent of the workers are earning less than the average wage and the poverty line is only about $2,000 below the average wage, you begin to appreciate why so many wives and young people have to work to supplement the family income.

Is it any wonder that family members other than the adult male, the traditional breadwinner, have to find jobs to help pay the bills? Women and young people are in the labour force out of economic necessity. They are not "secondary" workers in terms of the needs of the majority of Canadian families today.

I also want to say to the Minister of Employment and his officials that the women and young people are not secondary in the work force today because the nature of the jobs in our work force has changed. The service sector of our economy has grown tremendously. Nursing, social services, hotels, restaurants, secretarial, clerking, teaching and other such services have grown. In 1956 only 48.5 per cent of jobs in Canada were in the service industry. In 1976 that had increased to 65.5 per cent.

If you claim that these people are only secondary and not serious income earners or serious to the work force, I shudder to think what would happen to our economy and the businesses that employ them if they were removed from the work force. I dare say that members of parliament would not be able to function since their staffs are primarily made up of women and young adults.

Women and young people are essential in our economy on both the supply and demand side. Their unemployment is no less tragic than the unemployment of the traditional unemployed male. These people are not secondary in importance. The Prime Minister (Mr. Trudeau) says that unemployment is a serious problem, but it is blown all out of proportion. That is a falsehood. We know from his own government department, Statistics Canada, that for every 100 unemployed in Canada today, there are only four vacant full-time jobs.

The unemployed are not lazy. They are not avoiding work. I dare the Prime Minister to go to Sudbury and say that there are jobs just begging for people to take in light of the recent INCO lay-offs. Therefore job creation must be of primary importance in the budget before us. I do not see that.

The government is bringing forward tax policies that I consider to be the wrong ones at the wrong time. It has brought forward a $1.2 billion corporate tax concession. I know my Liberal friends will immediately say we are opposed to any kind of corporate tax concession. That is not true. I want to argue that the kind of tax concessions they are bringing forward at this time are wrong in light of what is happening in our economy.

The other element of the job creation program in the budget is $150 million to supplement existing programs. We say that is not going to work. I will explain that later. We need an emergency job creation program at this time.

The New Democratic Party has outlined how we can create from 250,000 to 300,000 jobs during the winter months. We would give a billion and a half dollars tax cut to low and middle income taxpayers to stimulate buying power, decrease the present level of unused capacity in the economy, and create an estimated 100,000 to 150,000 jobs. We find support for this suggestion from no less a prestigious group than the Economic Council of Canada composed of businessmen, economists, and others from all walks of life, who also called for a tax cut of more than $2 billion to stimulate employment.

● (2022)

We would not want to cut back on family allowances and old age pensions, as the government has hinted it might do, nor would we want to see continued the plight in which the veterans have been placed because of the government's refusal to increase their pensions to a reasonable level—I am thinking particularly of veterans' disability pensions.

We would also favour the introduction of a $400 million federal-provincial-municipal capital works program, similar to the 1971 job creation program, which would create around 60,000 new jobs. We want to see a $500 million housing and urban transit program capable of creating 70,000 jobs, particularly in the construction industry. We also want to see a $50 million program of assistance to small businesses, currently so hard-pressed, which would assist them in hiring approximately 20,000 new employees, especially young people. These are some of the proposals which we put forward as leading to the creation of jobs on an emergency basis.

There is no need to resort to further deficit financing in order to finance the program I have just outlined. What we would do is this: we would redirect some of the tax policies the government has proposed in the budget. For example, we would end the $1.2 billion in tax concessions to large corporations announced last March and reintroduced by the Minister of Finance, and redirect it to personal income tax cuts. This is not because we say, as if in blinkers, that all corporate tax incentives are wrong. But these concessions are designed to encourage corporations to invest and expand their plants. We say it is a ridiculous policy at the present time because industry is only operating at about 80 per cent of its capacity. What businessman in his right mind would use these tax concessions to expand, when he cannot use his existing production line to full advantage?

Could there be any more ridiculous example of the failure of this policy than the realization that INCO, for example, will have received $10 million as a result of these measures, and has recently announced its intention to lay off 3,500 workers?

Alcan, which has profited from these measures to the extent of $11 million, has laid off 400 workers, and Noranda, to whom the concessions have meant $5 million, has already laid off 500 workers, and there are threats that another 1,200 will be laid off in the Gaspé region. This certainly flies in the face of all the assertions that these concessions generate employment. The fact is, and I use the government's own statistics, that since these budget tax concession measures were introduced last March we have seen lay-offs of more than 34,000 workers in the manufacturing industry. The minister is simply misleading the public when he says these concessions are

needed to create jobs. They are the wrong concessions at the wrong time.

In today's *Globe and Mail* we find a survey made by the Department of Industry, Trade and Commerce which shows that Canada's 300 largest companies do not expect to increase on average their capital spending in real terms in 1978. In other words, the budget measures are a failure. They are not creating the jobs the minister promised they would.

We could also finance the program I have outlined from savings through keeping people off unemployment insurance and keeping them paying income tax as employed persons. The saving in unemployment insurance claims would amount to about $1 billion, and the increased tax revenue from the newly employed would come to around $250 million. Thus, for our emergency job creation program, we could use the same funds as the government has laid out in the present budget, only they would be redirected.

As Eric Kierans, a former Liberal cabinet minister has noted on many occasions, the government has treated the 1,000 major corporations in this country in a most generous way. It has probably treated them better than any in the world. The profits of these corporations increased from $7.7 billion in 1970 to $17.8 billion in 1975, an increase of 131 per cent. At the same time, corporate tax rates declined from 29.6 per cent during that period of record profit increase to 26.6 per cent. The government has always favoured big business as opposed to small, and has allowed the corporate sector to defer payment of income tax to the tune of $10 billion. The 1,000 largest corporations owe the government $9 billion of this $10 billion deferment of taxes.

What we need is some attention paid not only to big business, as has always been the case in the past, but to small business which employs 60 per cent of the working people of this country. I am really angry that the government continues to ignore this major sector of our economy.

I have talked to small businessmen on many occasions. I find that their difficulty lies in raising working capital. The banks laugh off the government's small business loans program; they are not interested in it. The Federal Business Development Bank often applies criteria as strict as or even stricter than those imposed on borrowers by private banks. These sources are of no help to small businessmen who have the enterprise or the know-how, but who cannot find the capital to expand or put their projects into operation.

Businessmen also complain to me, time and time again, about the difficulty of obtaining information and management expertise under the programs the government offers. These programs are more often exercises in public relations than anything of substance. Businessmen need assistance, but I am afraid the government programs put roadblocks in their way rather than help them. There is too much government regulation, as they keep pointing out. They are not able to hire expensive accountants and lawyers to give them advice in these areas. The effects of taxation policies, the problems of cash flow, are very onerous.

If the Minister of Finance were really interested in job creation he would turn more of his attention to the small business sector in terms of tax concessions and the advice he could make available to them. I lament the state of small business. Bankrupticies are up 30 per cent and almost half these business failures involve small businesses in the retail sector. One of the key factors is reduced demand caused by high unemployment and the government's failure to stimulate demand by introducing tax cuts. We want to get the economy healthy again. We have to get Canadians back to work so that they are purchasing goods which the small businessman can supply.

● (2032)

I know the Minister of Finance and the Prime Minister keep bringing forward the argument that the problem with business in Canada is that we are pricing ourselves out of world markets. We are told that we are no longer competitive. The Minister of Finance points to our trade deficit as proof of this, but I would like to remind him that the trade deficit includes goods and service transactions. It includes interest and dividends and profit outflows. We have had an over-all deficit for 13 out of the last 16 years. We should know that that deficit is as a result of service transactions by Canadians purchasing imported foreign goods.

In the merchandise trade sector where Canadian workers are involved, there has been a surplus in 15 of the 16 years, and the reason we have had a decline is that the volume of our sales has dropped because the countries which are our customers have been in a recession. I think it should be remembered the end products trade group, that is, the manufactured goods where we have a high labour component, in that group these exports have continued to grow. In fact last year our manufactured exports increased 15 per cent, and they are continuing to increase this year. So I ask the Minister of Finance, if we are pricing ourselves, our manufactured goods, out of the world market, why is it that the volume of our exports is continuing to grow?

I know that the minister is also putting forward a related argument to the phony one of our non-competitiveness, that wage settlements in Canada are higher than those in the United States, and that this justifies holding Canadian wages down to a 6 per cent increase under the AIB over the next year. That wage comparison, I am afraid, is also a myth. What we are trying to do is compare American wages to Canadian wages, but not taking into account the different variables.

First of all are Canadian wages, as the Prime Minister tries to argue, 7 per cent higher than in the United States? Well, the point is that he fails to recognize the Canadian dollar is worth less than the American dollar, so to make that kind of dollar for dollar wage comparison without taking that into account is misleading when our dollar is worth only 90 cents. The Canadian figures also include public service settlements, whereas the United States figures do not. Canadian figures are calculated on base rates, and the U.S. is on average hourly earnings. About 60 per cent of American workers have cost of

living adjustments, but only 30 per cent of Canadians do. You have to take all those factors into consideration when making comparisons. When you do, as the National City Bank of New York has done, you get some pretty interesting revelations.

In 1976, before the 90 cent dollar, making the comparison for wage compensation, taking into account fringe benefits and everything else, the United States worker was paid $7.91 an hour while his Canadian counterpart was paid only $7.05 an hour, or 12 per cent less than his American counterpart—not 7 per cent more as the Minister of Finance and the Prime Minister want us to believe. If you take the 90 cent dollar into consideration, the United States worker today is 25 per cent ahead of his Canadian worker in terms of wage settlements.

As well, the Minister of Finance knows Canadian workers have to pay more in interest rates, energy costs, housing, food, and most consumer goods than does his American counterpart.

I am sad that the Prime Minister still makes the workers of Canada the scapegoats for his government's mismanagement. The Liberals continue to hold wage increases below the cost of living increase, because we know the CPI is almost 9 per cent, but the majority of workers will be held to the 6 per cent increase under the guidelines of the anti-inflation program. I ask you, what justice is there in that?

Mr. Rodriguez: None.

Mr. Symes: In the budget before us the minister likes to boast about the individual tax relief that is there. He points out quite correctly that an average family of four people with an income of $15,000, for the tax year 1978 will save $100 by the tax credit method, and another $140 through indexing; a $240 tax saving.

Inflation is running at 9 per cent, and this projection will go on for 1978. It is well above the government's guideline of 4 per cent promised under the anti-inflation program. In addition to that, the AIB controls will be in effect for most working Canadians well into 1978. But the government, of course, in the budget announcement has changed the rules. It says that wage increases will be held to 6 per cent even if inflation is at 9 per cent or more. Therefore what happens to the average family which the minister says is going to get such a tax saving? If the income for that family is $15,000, as I have mentioned, they will see their income decline by $450 over the next year despite the tax relief of $240 in the budget. Because of wage controls that family will end up losing $210 in income next year. Where is the fairness in that kind of budgetary measure?

The NDP, supported by the Economic Council of Canada, has argued that what we need to stimulate the economy and to protect the average Canadian from the effects of inflation is a major personal income tax cut. That will stimulate consumer demand. That will create more jobs in the manufacturing industry which is so desperately in trouble at this time. I say to the minister, his budget contains the wrong kind of tax concessions at the wrong time of our economic history. What we need is some protection for the average worker and his family against inflation, which the government has failed to control.

What we need more is a stimulus to consumer demand, as the Economic Council has recommended, so that we can get Canadians back to work again. Unless the government realizes our major problem is unemployment, which has to be tackled by meaningful budgetary measures, I am afraid that we are in for a very, very hard winter indeed, Mr. Speaker, and that things can only get worse.

I say to my colleagues on the Liberal side of the House that what I have tried to do is present an analysis of the problem, and recommend some concrete alternatives to the present policy. I do so in the spirit of trying to work out the best plan for the unemployed in this country. I think the minister has to recognize, as have so many economists, that his present policies are inadequate to deal with this crucial and pressing problem of unemployment.

I hope that when we move back into committee he will be sympathetic to some of our amendments so we can get Canadians back to work, and get consumers and taxpayers protected against the ravages of inflation and unemployment.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I must say at the outset I am very pleased to see that the Minister of Finance (Mr. Chrétien) is present, and I thank his colleagues from the Privy Council who are here with him too.

The subjects I intend to speak about tonight are not earth-shaking, but are important. They are two in number. The first one is SIN, and the second one is potential. To the uninitiated SIN simply means social insurance number. My memory goes back, as the Minister of Finance's memory goes back, to the year 1964 when the Prime Minister of this country gave a solemn promise on the floor of this House that the social insurance number could not be used for anything beyond social services programs, such as unemployment insurance and the Canada Pension Plan. The Prime Minister of that time was well aware of the fact that the great majority of the Canadian people, and in fact the great majority of all free people, do not like to see this gradual closing in of unneeded controls and regulations on the individual.

● (2042)

Parliament reluctantly accepted the social insurance number system in 1964 on the argument that it would make it possible to operate the Canada Pension Plan and unemployment insurance better. The hon. member for Edmonton West (Mr. Lambert) brought this up in this debate and quoted the passage out of *Hansard* in which this pledge was made in 1964. The background was simple. The House leader then, who is not present here tonight, was the hon. member for Cape Breton. The leader of the opposition was pressing him on whether they were going to extend this SIN to other uses. What was concerning the leader of the opposition, the right hon. member for Prince Albert (Mr. Diefenbaker), in particular was the fact that the National Revenue people would seize this device as another weapon in their arsenal to control every drop of water, every drop of blood in this country.

In response to this type of questioning by the right hon. member for Prince Albert the then Prime Minister said that certainly SIN would not be imposed for the use of the income tax collectors. That was a pledge made in good faith, and I am positive it was the viewpoint of every sitting member of parliament, regardless of whether he was a Liberal, a Conservative, a member of the NDP or a Creditiste, because the great majority—in fact all the members of the House—do not like to see the continual erosion of our civil liberties, step by step, at the increasing pace at which they are being eroded today.

The bill that brought about this unhappy change, this breach of a Prime Minister's word to the people of Canada, was brought forward last February. Under a similar type of bill as we are discussing here today, the government was trying to get through the budget resolutions of the 1976 budget. It was a long bill, and way down at the end of the bill was clause 75, an innocuous clause written in legalistic language designed not to attract the attention of members of parliament on any side. It was sneaked into the bill. It had nothing to do with the budget resolutions.

Where were the members of the legislative committee of the cabinet? How did they let that clause slip into the legislation before the House? I do not know how. It must have been in their complete absence of mind or exhaustion, because theirs was the ultimate responsibility to keep their eye on those nitwits in the Department of National Revenue who are always trying to extend their power over the people of this country.

Some hon. Members: Hear, hear!

Mr. Hamilton (Qu'Appelle-Moose Mountain): I do not want to mention the RCMP, but they even have the RCMP under agreement, to have them carry out their dirty work. I am positive here tonight that there is not a single member on the government benches or on the opposition benches who would not support a removal of this iniquitous provision in clause 75 of Bill C-22 of last year. Every one of us in the House is guilty, with the exception of the hon. member for Edmonton West who did notice it and cried out during the voting "on division". Many of you will remember the occasion. The hon. member for Nickel Belt (Mr. Rodriguez) was waging a one man filibuster.

Mr. Rodriguez: I needed help.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The government became angry and imposed closure on us eventually. After clause 62 was reached, closure came into effect, and clause by clause was passed one after another. That is the only excuse we, as members of parliament, have that we let that clause go through. But everyone of us, having let it go through, should be ashamed, and we in the opposition have to accept that responsibility as well as members of the government.

My remarks to the Minister of Finance are simple. My memory goes back a number of years during the regimes of the last nine finance ministers when I have seen every one of them, without exception, destroyed, and rarely any one of them was responsible for his own destruction. In each case, with the tremendous responsibility that each one of them had looking after the finances of Canada, the same group which controls the decision-making in that department and in related departments had the minister of finance do things for which he ultimately had to take the responsibility. I have seen them go down since the days of Walter Harris, one after another.

If there is any crusade that I lead in this House, it is not only to protect ministers of finance from the awful fate that lies in wait for them but to protect this House and this parliament in general. So what I say to the minister now is that we in the opposition cannot make an amendment to a bill unless there is a clause in it which would allow us to amend it. The minister cannot do so now either. When we go into committee of the whole I think he would be speaking for every single member on the government side if he put in a simple clause deleting clause 5 regarding SIN in Bill C-22 amending the Income Tax Act. Why do I say that?

When we put through clause 75 under closure it simply said that if any person went into a bank and presented a bond with coupons on it and they did not have with them their SIN, 25 per cent of the value of their coupons would have to be retained by the bank and submitted to the Department of National Revenue, and of course it would be entered as part of the prepayment of their income tax.

Who were the people the Department of National Revenue were after? They were after all the young children who do not have SIN and whose parents bought them $50 or $100 bonds instead of Christmas or birthday presents as savings for the time when they would move into their teens. This also applies to the older people, but above all it applies to the married women who do not have an income of their own, who are not in the work force, and who occasionally get their husbands to buy them a bond. That coupon clipping that they do once a year is equivalent to what we used to have on the farm years ago when the farmer allowed the wife to take the money she got from selling eggs—the egg money, they called it. They used to collect enough money that way to buy Christmas presents for their family.

Here you have these minute searches after minute drops of water and drops of blood. Sneaking through past the politician into the statute books of this country was a clause last February causing a situation we now have to clean up.

There are other points that I could raise, such as the attempt to force the banks to do the dirty work of National Revenue. This did not pass unnoticed, and I have a letter dated October 6, 1977, from the Canadian Bankers' Association, to which I rarely have access. It states simply:

> It is unfair that banks should bear the brunt of reaction of the public against intrusions into their financial affairs.

● (2052)

We can all weep for the banks; they are in the firing line. Later on from another gentleman in this same organization I

received a copy of a press release sent out by the banks on this same matter. Incidentally, this is from a Toronto bank. It says:

SIN pays. Or at least, it may be inconvenient if you don't have it.

In this case, SIN refers to a Social Insurance number. Starting soon, you'll need one to get the full amount due when you collect certain bond interest payments from banks and other financial institutions.

The Canadian Bankers Association (CBA) issued this caution today, following confirmation that regulations embodied in amendments to the federal Income Tax Act will be effective from July 1.

The CBA said customers who hold corporate, federal, provincial and municipal bonds and who don't have a Social Insurance number, would be wise to apply for one now to avoid future inconvenience. It normally takes at least two weeks to get a number.

The regulations specify that banks and other cashing agents must withhold one quarter of the interest payment if the customer doesn't provide a Social Insurance number. This is remitted to the government and is credited to the taxpayer.

"We want to make it clear that in this matter the banks are acting to comply with the law", the CBA said. "We have no choice but to withhold the 25 per cent if a Social Insurance number is not provided".

I could go on and read letter after letter from individuals, and I may read one or two of them, but I am more interested in the battle that went on in the press as to who was going to take the blame for this.

I will quote now from a full page ad in the Montreal *Gazette* dated September 21 under the subject "Important News about Canada Savings Bonds". Who do you suppose put this ad out? It was the Department of Finance. Who do you suppose got the blame? The Minister of Finance. He did not even know it went out. The government wants us to buy bonds. We are in a deficit position. Let me put this on the record, loudly and clearly. In big letters its says:

Your social insurance number is important. This year, your social insurance number will be requested when you purchase Canada Savings Bonds. This number will provide accurate identification of your Canada Savings Bond account and will be a single lifetime account number for you no matter how many bonds you buy or when you buy them. It will thus enable the Bank of Canada to provide you with better and faster service in the event that you write to inquire about the status of your bonds.

The people who drafted these ads were telling the people that, according to the statute, they have to have their social insurance numbers when they go to collect on coupons. They went even further and said that people have to have their social insurance numbers to purchase the bonds. What a bunch of sniping and looking into people's affairs that is! Well, time goes on and the criticism increases.

Just a few days ago, November 14, the Bank of Canada replied. It knew the Department of Finance was catching all the blame, so it came out with a story which it fed to the press through one of its pigeons. According to this paper here are some of the statements it made:

"The social insurance number is a positive and unique identification. No matter how many John Smiths there are, only one of them has that particular number."

The official said the Bank of Canada is adopting a new, highly-computerized system so each person's CSB-holdings can be listed under his or her account number.

You don't have to supply your social insurance number when you buy bonds, "but you have everything to gain and nothing to lose by doing so," the official said . . .

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

That completely contradicts what the Department of Finance was saying. The Department was saying that you have to have them. I suggest that the Bank of Canada rushed into the breach trying to find some rationalization as to why the numbers were needed. The bank gave the examples of all the John Smiths in every telephone book, and of the fellow who lost his bonds in the refrigerator and they went out with the garbage. The only real reason for this new change in our statute law on taxation is that the Department of National Revenue wants to catch that unique person who makes less than $10 on coupon cashing per year, because if your coupons amount to $10 or more the bank always reports that to the department.

The department is after that person who has the colossal gall to put his savings into bonds which yield less than $10 per year, and that person must not be forgotten. If 25 per cent is taken off, that person usually has no income tax papers to make out. Invariably that means that an older person will not get that 25 per cent. The department wants everybody to make out an income tax form. I suggest to the minister that it would not cause any fuss amongst his supporters in the House of Commons on the government side, and all the people on this side will support him, if he stands up in the committee of the whole and says he is prepared to allow a very simple amendment. He would not need any lawyer to draft it. The amendment would simply be that subclause (5) of clause 234 of the Income Tax Act is deleted.

Mr. Chrétien: If we ever get to the committee of the whole.

Mr. Hamilton (Qu'Appelle-Moose Mountain): That amendment would get rid of another encroachment on our civil liberties. I have some editorials I was going to read, but I think I will leave that for another occasion because there is another subject to which I would like to bring attention.

I put these ideas forward, hopefully in a constructive manner, because I know that any person holding the job of Minister of Finance must be seriously concerned about the mess our economic situation seems to be in. The Minister of Finance knows that we have a very strong and healthy country, so why does it just go along level as it has been for the two years since we established the so-called anti-inflation controls? The minister must be spending some time thinking about that. He knows that the great majority of people believe that the government is spending too much money. He has done a yeoman-type job over the past years trying to control the spenders in the cabinet, and we have noticed that. However, here we have a situation about which the minister must be aware, and we are all worried about it.

We have today a large number of unemployed. Whether the number is 800,000 or one million is not the point. It is a large number. At the same time we have our plant capacity lying 20 per cent unused all across Canada. This situation is not new or unique. It happens every time we go into a prolonged recession, and it takes a tremendous momentum or a change in momentum to get the situation reversed. Therefore the minister must be worrying about this. He knows that if he does not

have some ideas on how to change that, he is going to go the way of every previous minister of finance—out. It is not any matter of satisfaction to me to see some very able people going into that portfolio and getting chewed up, one after the other.

The proposal I am putting forward is not original with me or with this country. There is a precedent which has been used, to my knowledge, only in a western country, and only in one. When I read the history of how that was done, I find that it was very unique.

It so happened at that particular time in United States history that President Kennedy was very anxious to be in the forefront of new ideas, and this applied to the financing of the country's affairs. He had working for him in the Economic Council a man by the name of Heller. They, too, had a huge unused labour supply ready and willing to work. They, too, had unused plant capacity, and the federal Government of the United States was operating as the present minister is operating, under a tremendous deficit.

● (2102)

The natural tradition of all the orthodox economists, therefore, who try to keep their two-bits worth before the president and away from Congress, was to get back to the old fashioned way of doing things—simply raise taxes to get more money, or reduce expenditures to balance the budget. One man, Heller, gets the credit for proposing that the best way to balance the budget was not to retrench, go into seclusion and wait for time and events to balance it—as this government has been doing for three years, waiting for the United States economy to recover. He proposed that this unused labour supply, this unused plant capacity, were a great opportunity for a young, virile president to try the idea. His proposition was that with substantial tax reductions in those areas where you could immediately start tremendous activity in the work force and in the plant, you would create enough new wealth and reduce costs to the point where you would get your money back. This is a layman's description of what we call potential budgeting. There was a potential there.

I will not go through all the activities of the 1962-63 period. In the year 1964, however, President Kennedy allowed himself to be persuaded by his Economic Council even though the federal budget was operating at a great deficit, to reduce taxes in the United States by $10 billion in one year. That would be the equivalent of seven or eight times as much today. When you are already in the hole, $10 billion would seem crazy to the orthodox person who does not want to accept new ideas.

Heller put forth the doctrine that the best, quickest, and most humane way to balance the budget was to get the tax level down on those items that would create an immediate desire to go to work. They did reduce the budget by decreasing taxes in 1964 by $10 billion. The president was assassinated that year and it fell to the lot of President Johnson to receive the great flood of revenue that poured in. The $10 billion in tax reductions was not money that was spent; it was simply money they were not going to take in during the next year. It brought increased revenue because of the number of people who went to work and the plant capacity that started up again. In that one year it produced revenue of $19 billion.

Instead of ending up in the hole by another $10 billion, because of that imaginative and at that time innovative program, the United States came out with a surplus. As President Johnson said, it was able to pay not only for the great society he talked about but also for the Vietnam war. It turned out that he was wrong. Even the United States could not support both for long. I point that out to the minister because the condition in Canada today is very similar.

The only argument against what I have said is that in Johnson's day and in Kennedy's day there was no indexing of taxes or pensions. You can argue that today these things would reduce the amount that would come in as increased revenue from all these people working. Let me deal with that for a moment.

The type of thing that I would like to see, if this approach were to be followed, is tax reductions for those things that the country needs and wants. I will give examples in a minute. New types of production would be brought into play. It is pretty hard to prove, with people running on margin as they are today, that encouraging them to go out and spend will create jobs because plants are already working under capacity.

If you could find a number of things that this country has to do and wants to do and direct our efforts that way, in every case I think this would not be expenditure of money by the federal treasury but simply the statement that you are not going to take taxes if certain things are done. If this new labour force goes to work and the new plant capacity goes to work, and wages and salaries are going to people who before were drawing unemployment insurance and social welfare, you reduce those costs, and with all those people working and paying income tax, and all the money going through the system with a multiplier effect of two and a half or three, a billion dollars of new industry would generate $2.5 billion to $3 billion of new wealth. The $3 billion of new wealth, with the governments getting 40 per cent of it, would bring in more than the new program.

I know that new wealth is divided among the governments, roughly 40 per cent to the federal government, 40 per cent to the provincial governments and 20 per cent to the smaller governments. The fact remains that if the tax reductions were put on the right items, within one or two years the budget would be balanced. We could then begin to do things to encourage people to spend, and we could put out dividends for the extra amounts of money for payment to provinces or in social services.

I am sure this concept is not new to the minister. I am simply reminding him that at this time all the conditions that make potential budgeting work, are present. It will not work if this technique is tried where there is no big labour supply and no extra plant capacity. This is the time to move. This opportunity has been present for the last two or three years, but perhaps this winter is the last chance.

I would now like to suggest to the minister, if he accepts this premise, some things on which taxes could be reduced that would give fast results. I am sure the minister is aware, as are most members, that these days we are moving very quickly toward changing our energy utilization. Documents which project utilization of solar hardware indicate that there is a market right now of $1 billion or $2 billion per year for devices to be used in private homes and office buildings. There is a score of examples.

By the end of this decade I believe that almost every home in Canada will have a heat pump. The cost will be $1,000 to $3,000 for the ordinary home. A heat pump acts as an air conditioner in summer, and pumps heat into the house in winter. They can be manufactured in Canada, and indeed they have been on the market for 50 years. A warehouse in Ottawa is full of heat pumps, all unavailable to people here because it is an American firm waiting for the right time to move into the market in this area.

All through the southern areas of Canada—that covers about 90 per cent of the population—a heat pump would be a good investment. In addition to the hardware, which costs $1,000 to $3,000, there are devices that go along with it for use with solar heat. At the present time the idea of direct solar energy, coming through plates is not too economic. But solar assisted techniques are currently in use by big companies. Governments do not use these techniques because they tend to look at bigger things which cost $200,000 or $300,000.

● (2112)

Referring to little individuals across Canada, some are spending $1,000, $2,000 or $3,000 of their money to take water out of their wells and put it in heat pumps to raise the temperature of the water in order to heat their houses. The water is returned to the well, and is warmed up again. The only cost to those individuals is the capital cost of the heat pumps, and the cost of the electricity to run those pumps, which amounts to approximately $100 a year. This is not something in the dream world five years or ten years away from now. This is being done currently.

Some people use the water from a river or a stream which runs by their houses. Other people use water storage. There is a score of techniques which require a certain amount of hardware in order to change it from one type of heat to another. These are not unproven devices. We have the capacity in our plants now to produce these things in the thousands. The government should distribute that information to Canadians.

The Minister of Finance will have a simple role to play. Since very few people have these heat pumps in Canada, and since only businesses are allowed to buy them today, under the direction of the big companies which produce them, if they are told by the minister that they will be entitled to a 100 per cent write-off for a heat pump against their taxes, within three years every householder in Canada will be struggling to get a heat pump. That indicates how big the market could be. All these people will not be able to get the pumps, because that many could not be manufactured quickly enough.

A lot of this information is available in Ottawa. Canada leads the world in this type of information. A lot of it is still in the experimental stage. The scientists and engineers have accomplished well, but the hardware has not reached the production stage. The National Research Council has developed a silent vertical windmill which spins around on the top of its building. Several prototypes have been distributed across the country. All of them work, except for the one in Saskatchewan. Approximately $50,000 has been spent in an attempt to make that one work, and it produced only $2 worth of electricity.

Mr. Paproski: It was manufactured by the NDP.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The Minister of Finance must stimulate the economy by telling people that these productive investments can be written off. This is a type of hard goods for the consumer, which is not being bought now. There would be no loss of revenue, but it would encourage people to buy the correct things and save money in the long run.

If the minister put through a 150 per cent write-off on experimental things such as the vertical axle windmill which runs silently, every farmer, or any person with flat land around his house, would have one of these windmills to get rid of that $100 which it costs to run the heat pump. This type of 150 per cent write-off was done by parliament in 1959.

As one goes down the list of things that can be done, one realizes that, without any expenditure by the government, Canada would benefit by the activity in the employment field, the extra wages and salaries. The government could recover some of its money from income taxes which rates hopefully could be reduced in a couple of years.

Because we are in a mess today and everything seems hopeless, the Minister of Finance has nowhere to hide. The finger will be pointed at him. He will have to indicate that he is not going to be under the thumb of the high mandarins in his department and related departments. These mandarins were taught a doctrine 40 years ago in school and they feel it must be carried out by the Minister of Finance.

Potential budgeting was tried by Presidents Kennedy and Johnson who found out it was the best way to balance a budget. Admittedly it would not work if times were good. It only works when times are bad and you want to restore the confidence of the people. If the minister wants to save himself from the fate which awaits him, he cannot sit and come out with a neutral budget like the last two ministers produced. That is no way to die. He must pick up his sword and go out and swish it around a bit. The hon. minister must remember he comes from Shawinigan. He is not a Montreal or Toronto boy.

Mr. Paproski: Use that hockey stick!

Mr. Hamilton (Qu'Appelle-Moose Mountain): The minister has hair on his chest. He should not let a bunch of well

trained, gobbledygook artists in his department run him any longer. He must get on with it. His next budget should take into consideration all the things that can be done which do not cost. These things encourage people to do other things, and the government receives money in the long run. If the minister does these things, he will discover that public servants will like him.

Public servants have a great weakness: they are always proud of ministers if they do the right thing. If the right thing is done, public servants will brag about it. Public servants are human beings who are proud of their departments, but they are so used to pushing ministers around that many of them think it is a God-given right.

Mr. Paproski: If they are Liberals.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The leaks which have been coming out of the Public Service in the last few years have been caused by the frustration of public servants. The Liberal government has been in power so much in the last 50 years that it is used to taking orders from public servants. Surely the people from Shawinigan have not sunk that low. Stand up, Shawinigan! The country is in a mess. The minister must restore its confidence.

As the hon. member for Sault Ste. Marie (Mr. Symes) said, we are dealing with a budget. In regard to the income tax changes, the majority of Canadians agree with the minister. They are small little items that do not do too much. The minister requires imagination and a little of the spirit of Shawinigan in order to do things differently, to direct these fellows for a change, and to take over. The minister was forced to put down the last little report of the Economic Council of Canada. These timid souls are only there for one purpose, and that is to give the Minister of Finance advice which is different from what he receives from his department. But they are so timid that they come out with gentle little statements. This is the second time they have done so. They have put forth the theory of potential budgeting, and they should not be put down entirely.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired. Nevertheless, he may continue if he has unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Thank you, Mr. Speaker. I suppose I sound like a school teacher, but I am sure the minister is aware that I am sincere when I say that these ideas will point the way. Our country is a good country. These people are not all bad. If the minister thinks of the various ways in which things can be accomplished between now and the next budget that do not require the spending of money, but in fact make money, he could come out of this situation as the first minister of finance in ten years who has stood on his feet and spoken for the Canadian people. I would like to see that, regardless of what party is in power.

Mr. McGrath: They would be proud of him in Shawinigan.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Thank you.

Some hon. Members: Hear, hear!

• (2122)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to support the comments which have just been made by the hon. member who spoke before me about the hopes he has put in the new Minister of Finance (Mr. Chrétien). This is the first time I have had the opportunity to take part in a debate on a subsidy motion since he has this portfolio. Therefore, I understand that he made considerable efforts to sponsor Bill C-11 which contains some provisions amending the Income Tax Act with the purpose of giving certain tax advantages to revive the economy.

I think that all hon. members in the House agree that this revival is very urgent. I think however that the proposed measures are not sufficient and that the economy will continue to deteriorate in several areas of the country. Mr. Speaker, I shall particularly dwell upon the main points of this bill which will have some impact on the people and on the industries in my area, and on Canadian agriculture. The real per capita income has constantly decreased in the last few years and the individuals are more and more indebted, which puts a very large number of taxpayers in the income-cost of living vice which becomes increasingly tight. These are at least the comments which have been made to us every day by people of the working classes.

A few days ago, the Minister of Finance said he was disappointed to see that the cost of living went up again by 1 per cent. Mr. Speaker, each time the cost of living rises, low-income people have less purchasing power when they should actually have more. However, we see the contrary. I think the price and wage control program is a failure when it comes to prices and profits. On the other hand, wage controls were rather successful, which leaves most wage earners in quite a difficult situation.

If we consider the record of our banking institutions, we realize that they have made more profits than any other industry in the economic field. The right hon. Prime Minister (Mr. Trudeau) himself has admitted that fact. I have already quoted him in the House on this matter. I hope you will forgive me for bringing up that subject again, but this time without quoting. If these institutions have managed to increase their profits it is because the control regulations did not have authority over them and because the ceiling for interest rates has been abolished in 1967, and God knows how the profits of these insitutions have gone up during the last ten years. I think this is one of the reasons which has put Canada in such an inflationary economic situation.

Those excessively high rates of interest are responsible for the inflation in the prices of goods and services. Rising prices put Canadian industries in an unfavourable position against competing foreign product imports. Finally, the Canadian

Manufacturers Association is aware of this situation. This morning, my colleagues met members of that association who apprised us of their worries about the future, the survival of private enterprise, of small and medium-sized businesses which, as the Minister of Industry, Trade and Commerce (Mr. Horner) has stated in this House, are those that provide Canada with 60 per cent of its jobs. Is it any wonder that the rate of unemployment goes up progressively as those businesses have problems and have to lay off employees? If solutions are not found for the short term, while planning over the long term, I am very much afraid the future of a very large number of those small and average businesses is very bleak indeed.

However, we often hear well intentioned people, I hope, claim that inflation is caused mainly by unduly high salaries. That may be true of some categories of workers and professionals who do not hesitate to ask fairly high fees when Canadians turn to them for their services. But I do not agree with blaming price inflation solely on wage earners. A huge number of non-unionized workers now earn less than the minimum wage.

Speaking of the minimum salary, we are told that it is higher here in Canada than in the United States and that this causes problems for the Canadian industries as compared with American firms. That is true, but the fact remains that today a couple with two or three children cannot be asked to work 40 hours a week for $3 an hour. That is $120 gross, and considering the costs those people have to pay just like everyone else—public services, electricity, telephone, heating oil, in short all the basic needs—it cannot be said that those workers are the cause of inflation, of higher prices. Let us be reasonable. It behoves the state, in difficult situations, to introduce measures to straighten out matters in that sector. I understand that it is normal, when a business is expanding, when it wants to create employment, that it deserves to be given every possible chance of doing so.

● (2132)

But if we really are to give them a chance to expand and survive, we must look at the budgetary operations of these companies which must pay very high interest rates, thus increasing their operating costs and becoming less competitive. I said earlier that the control program had not been a complete success. We are not overly optimistic about the outcome of the recovery program introduced by the Minister of Finance. I understand it has been prepared in a hurry and that the government will perhaps announce more worthwhile measures in the real budget. Life is made of hope. Until then, the new Minister of Finance will certainly have the opportunity to get to the root of the matter and, as the previous speaker said, to twist the arms of those whom may wish to maintain old formulas and to keep on administering in 1977 as we did 25 or 30 years ago. In the Speech from the Throne, we are told this was a failure and that we should use more modern processes. I hope that in the new budget we shall have up-dated and more modern formulas which will enable us to hope for an improved situation.

[Mr. Lambert (Bellechasse).]

The thousands of unemployed who are now hoping are quite prepared to work, thus contributing to the recovery of our economy. We should at least give them the chance to do it. Before I came to the House tonight, the mayor of a municipality spoke to me on the phone for some 20 minutes, and he insisted so that the very well prepared and organized project that he put forward under the program Canada at Work be accepted and implemented in order to give work to the unemployed of his community as early as possible. Of course, I have also commended this project because I think it is worthwhile. Those people are making fantastic efforts, they do practical things, but when there are $3.5 million worth of projects for a budget of only $1,159,000, some of them of course have to be shelved.

This is why I am asking and suggesting to the Minister of Finance, along with the President of the Treasury Board (Mr. Andras) and the Minister of Employment and Immigration (Mr. Cullen), that more funds be made available to the Department of Employment so that it can sponsor a larger number of worthwhile projects. I am not dealing with meaningless projects; I am speaking only of good projects which do something useful, those projects which please the whole community and from which everybody can benefit.

Mr. Speaker, the tax concessions provided in this bill are there to allow companies to invest more money in Canada and create new jobs. I fully agree with that but I think we will have to exert some surveillance over these companies. I fear that more money will just disappear in the long run, that it will take some other direction. The recent behaviour of INCO and Noranda Mines Limited, to talk only about those two, clearly demonstrates that these large corporations do not give a heck about reinvesting in the country. They prefer to reinvest their money in other countries, looking down their nose at Canadians. This is where the government's authority intervenes. The government must take radical steps, if necessary, to force the companies that have been allowed to make profits here to reinvest these profits in Canada in order to help with more development and enable us to keep up with competition. I have a suggestion to make to the Minister of Finance: I think that rebates made on real investments in Canada might be much more indicated. Of course, these partial rebates could be calculated according to the number of jobs created.

There would then be a reaction between capital and manpower resources. In this optic, I believe that the amendments aimed at increasing tax credits for investment are a step in the right direction. The higher credit percentages for the designated areas should stimulate investments in these areas and contribute to reduce regional disparities. There is no doubt that the Maritimes and the Gaspe peninsula need these special stimulants.

If I may, Mr. Speaker, I would like to draw the attention of the minister to the region which neighbours on the Maritime provinces and the Gaspe peninsula, that is the south shore and east shore of Quebec. The economic situation in the Bellechasse and Kamouraska ridings is far from favourable. Among the many characteristics that these areas have in common,

there is unfortunately a very high rate of unemployment. This is why I invite the Minister of Finance to reconsider clause 127(10) of the bill so that the definition of areas eligible for the 10 per cent tax credit for investment be extended to include, in addition to the Maritime provinces, the south shore east of Highway 23 which links Lévis to the state of Maine. Indeed, this is the area covered by the Atlantic Region Freight Assistance Act. Therefore, such an amendment would simply correspond to existing legislation.

For this region to survive and to develop normally, it must be provided with economic advantages by the federal and provincial governments. Why not grant tax rebates on fuel used by businesses which operate on diesel engines?

Mr. Speaker, I have a letter sent to me by a medium size business which echoes its concerns about the rising costs of transportation. I wish to quote from it as I consider this letter very timely and it demonstrates that it is only after consultation with those businesses that I make those comments. So I am told, and I quote:

I respectfully draw your attention on some data concerning the trucking business. We employ between 35 and 50 employees annually, all depending on the transportation industry. We are a medium size enterprise but, nevertheless, hundreds of farm producers of the southern Quebec area depend on us as to transport cattle to the slaughter-houses.

And the operations of those slaughter houses depend on the quantity of animals we deliver to them and so they directly depend on transportation. It means that our service can be considered as vital for the society and the economy of the area. The taxes we pay and the share paid by other transportation firms contribute to a large extent to the construction and use of highways in our area and the province.

As a result, transportation firms are paying more than their share of registration costs but the government would like to increase that share . . .

I understand that this part of the letter concerns the provincial government.

. . . believing that it is insufficient. Is it its intention to reduce the number of trucks on highways or their economic contribution to each area of the province?

The important point is this:

If transportation firms must reduce their number of trucks due to the excessive cost of . . .

—everything they must use in their operations—

. . . it will eliminate many jobs and in some cases those employment losses will affect the economy of a town, of an area depending almost exclusively on that industry.

Mr. Speaker, it is not for nothing that earlier I asked that the possibility of lowering the tax on the fuel used in diesel engines be considered again, be it in the case of industries using stationary engines or in the case of big trucking firms.

I also wish to ask the government to show greater understanding towards depressed areas. It is not our fault if Canada is big and not very populated. This means that all across this country there are Canadians who live and have the right to like their regions but who would rather enjoy former living standards. This is why we have a government, namely to make it easier for all Canadians to enjoy a decent standard of living geared to the economic potential of Canada. Who else than the government can do better to try and establish equity between all regions of the country? These regions, such as the south shore, are not progressing at the same pace as Montreal for example. Yet, we have a human capital quite capable of achieving more than it is presently doing. The number of unemployed is quite high and it is sad to witness such a waste of human energy. There is talk about increasing productivity in Canada. These are the kind of energies that could contribute to higher productivity but no steps are taken to use them efficiently.

At this point, Mr. Speaker, I will act as a member from the opposition who is not obsessed only with showing his opposition. When something good is done, I do not mind saying so. I would therefore like to take the opportunity to thank the Minister of Transport (Mr. Lang) whom I scolded a good many times in the past, and whom I want to thank tonight as well as his colleague from Public Works (Mr. Buchanan) for the restoration of the Montmagny wharf. I had so often talked about it in this House that it had become a rather embarrassing subject to raise. But, in any event, the matter has been given consideration, the works are in progress and the population is generally satisfied as I am happy to report. I would also like to thank the Minister of Fisheries and the Environment (Mr. LeBlanc) for what is now taking place on Berthier's wharf. A long boat slip is being installed and will be used not only for the benefit of the people of Berthier but by any member of this House who will decide to visit my riding, as I invite them to do. Berthier's wharf is beautiful and now with this long boat slip things will be just fine.

● (2142)

Again I am pressing the Minister of Regional Economic Expansion (Mr. Lessard). And I do not intend to give up—

An hon. Member: You cannot have everything!

An hon. Member: Leave something for us.

Mr. Lambert (Bellechasse): We are talking about Quebec. We are told that we do not have our share. When we do I like to say so. When we do not I like to say so as well.

I am asking the Minister of Regional Economic Expansion to prepare a specific project for the south shore, within the framework of the Ottawa-Quebec agreements. This region would be recognized as a special area within which we would promote the development of existing industries and the establishment of new plants to absorb a large pool of skilled local labour. I am sorry when I see that the only thing available for those big healthy boys who have been studying or who have a trade is social welfare, not even unemployment insurance, because never having had the opportunity to work they cannot even draw unemployment benefits.

The situation is really serious and if we are not dealing with it now I think we will regret it. This is true not only for the south shore region but for other regions as well. I would like to deal with another aspect of the question, the "employment

expenses deduction" which used to be $150 and is now to be raised to $250.

This is a very good start, but in fact it is much below the real costs. Travel expenses alone top the new amount, especially in rural or semi-rural areas where people are often faced with a 40-, 50- or 60-mile commuting distance. The worker who has to commute over those 40 miles has to spend more than $450 a year. In my view, the maximum deduction should be increased by at least $200. Unemployment is severe enough already without penalizing those who are working. They also deserve attention.

And while on the subject of penalties, I would like to stress how ridiculous clause 6(5) is, subjecting the $350 home insulation grant to income tax. A number of members in this House already felt such an initiative was absurd. As far as I am concerned I feel it is very worthwhile, provided taxpayers can take advantage of it. But in the province of Quebec we cannot, and I once more urge the Minister of State for Urban Affairs (Mr. Ouellet) to press for and accelerate negotiations between officials from both levels of government, so we can one day give an answer to those who would like to take advantage of the program, telling them, yes everything is settled, they can file their applications, have the work done and get paid. I feel I am being very positive and I would like officials to take note of our remarks. We are not fighting them, all we ask is that they find ways, formulas so that Quebecers like all other Canadians may take advantage of that initiative.

Mr. Speaker, there is one way to promote consumer spending, because it has been said, and rightly so, that in some areas consumer spending is too low. We came forward not so long ago with a proposal for a retail discount. I shall amplify that next week if the bill I introduced in this House is called for debate in the course of next week.

Finally, I would call the minister's attention to the possible adverse impact of capital gains tax and I ask once more that the Minister of Finance review that policy. In recent years, acting on an idea by the Minister of Agriculture (Mr. Whelan), a number of family farms were incorporated. It is true that advantages outweigh disadvantages, but the forecasts for capital gains tax will likely put an end to these advantages by unjustly penalizing the father who sells his farm to his son. Even if these farms have been given a corporate status, we should not forget that they nevertheless remain family farms. That is why I would ask the minister to reconsider these measures so that family farms are not subjected to such disadvantages.

In conclusion, I would like to emphasize the urgency of adopting truly stimulating measures for the economy. It is not only in the interest of our own welfare but for the welfare of the young generations. They should not have to pay for our failures and those of our present leaders. If this government cannot solve the serious problems facing it, how will we be able tomorrow to condemn their apathy, even their cynicism towards our institutions.

I urge all members and ministers to see to the implementation of that part of the throne speech which was read by Her Majesty the Queen on October 18 last and who said that it was absolutely necessary if we wanted to emerge from chaos to resort to new formulas. The cabinet which is responsible should seriously listen to the suggestions of hon. members, whatever the side from which they originate. I think we are all seriously working together to improve the economy to the country, to settle the problems which are disrupting harmony in Canada.

[Mr. Lambert (Bellechasse).]

At times we refer to national unity, at others, to national harmony; I feel it is nicer to speak about harmony. It means a little more love for one another and I think it is the only way to ensure the survival of our country, of Canada as we know it. We need formulas to promote that harmony and if we take care we will attain that aim and the future generations will be happy and pleased with us.

[*English*]

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I think it is appropriate that I begin my remarks in this debate by saying that surely it must be considered as a dual capacity type of debate because it not only deals with actual income tax amendments but it also serves as a budget debate. That was not possible after the minister's mini-budget speech during the throne debate.

I find it indeed strange that our Minister of Finance (Mr. Chrétien) should have sent out a news release the day after the debate began—I believe it was November 8—urging all members to avoid unnecessary delay in proceeding with it, after the same kind of bill in the last session, Bill C-56, for the budget of last spring, was given first reading only last June 15 and then was never called for second reading debate during the last session. So this new bill, Bill C-11, which we are debating all of this week, is indeed more than doubly important to all Canadians. My remarks tonight will relate primarily to those aspects of the bill pertaining to small businesses, including agriculture, with special reference to the Canadian cattle industry.

• (2152)

Almost three years ago I took part in the same kind of debate, both on second reading and in committee of the whole. That was on February 4 and February 18, 1975. At that time my remarks concentrated on the impact of the capital gains tax on incorporated family farms and farm partnerships. You will remember that the new approach to our tax structure involving capital gains had started on January 1, 1972.

During that earlier debate, the minister of the day—of course it was Mr. Turner—denied any possibility of roll-over tax provisions that were permitted for individual farm operators for intergenerational transfers of ownership in incorporated family farms and partnerships. I want to take another look at this issue today, almost three years later, and I suggest this is certainly the time for another look at this very important aspect of present-day agriculture under existing tax laws.

Incorporated family farms account for a disproportionately large share of Canadian farm production. Seven per cent of

our Canadian farms are incorporated, but they account for 28 per cent of total farm production, and this does not include partnerships. Why did they incorporate in the first place, particularly 15, 20 and 25 years ago? The fundamental reason was to enhance and preserve the family farm as a continuing and meaningful farm unit. Now the exact opposite is taking place, that is, the breaking up of family farm units due to the inescapable requirements of the capital gains provisions for corporate and partnership farms.

In those earlier days governments, both provincial and federal, actively promoted farm incorporations. Then you will recall the Carter Tax Commission. It recommended incorporation for certain size farms, usually the larger size. Perhaps the most immediate reason that appealed to farmers themselves was that wives and family members could be legally involved and paid for their services on the family farm. Our Income Tax Act, as amended back in 1975, as I said, and again now as proposed in this bill, is still not adequate with respect to capital gains tax provisions for incorporated family farms, small businesses, and partnerships.

I want to begin by presenting three specific case histories of actual family farm corporations. All of these have very serious problems involved in a proposed intergenerational transfer because of the inadequacies of our federal tax laws. While these case histories deal with farms and ranches that are larger than average, I suggest the same problems exist for much smaller incorporated family businesses and partnerships.

The first case history is a fairly large cattle ranch in western Canada. It is operated by the third and fourth generation in the same family on the same cattle ranch, and there is a fifth generation well on the way. This cattle ranch has been placed on the market. It was advertised for sale quite recently. It has a value of somewhere between $3 million and $3.5 million. The ranch was incorporated in 1957, that is, 20 years ago. In that interval land values in the area have increased from four to four and a half times. The fourth generation would have a tax liability of three quarters of a million dollars, and the yearly interest on that tax alone is some $75,000. So far there has been very little interest in the advertisements of the sale of this ranch, especially from Canada or the United States. However, there are some prospects from European sources.

This particular family, composed of very studious and capable people I can assure you, reasons that they have no other choice except to sell out. The debt load for the fourth generation is impossible to work out, even over a generation, and particularly after the last three disastrous cattle market years. So we have the incredible prospect of a fourth and fifth generation Canadian farmer being displaced by foreign owners and operators with foreign capital.

The second case history involves another unit in western Canada. This one is a mixed grain and cattle operation that operates on both irrigated and dry land in the western prairies. Two family units are involved in this one operation. It is incorporated, of course, and it contains approximately 9,000 acres. Its assets today total approximately $2.5 million, and the total tax liability, if it is offered for sale or if the capital gains tax comes into play, will be again three quarters of a million dollars.

This family unit that is incorporated wishes to move to two separate family farm corporations. To do so they require a form of reverse amalgamation to roll out the assets of the parent company to the new family units. Again, as in case one, they are faced with the almost impossible debt load which will result from the capital gains tax.

This family unit began with two succeeding and different partnerships which operated from 1945 to 1952, and this was followed by a single limited company which was set up in 1961. Now they find there is no room for members of the next generation, which happens to be the third generation to farm under this corporate structure. The problem in this one is not a transfer of assets from one generation to the next but a roll out of existing assets of a single company to two new companies involving the present family shareholders. To do so, the decision to divide in 1975, and that is when they made this decision, requires the process that I mentioned which might be called reverse amalgamation, with provision in the Income Tax Act to permit such a division. Of course, that does not exist now.

The third case history is a 1,000 acre beef farm in the province of Ontario. It involves two family units, each with a son ready to take over what they hope will be a new family corporate set-up, changing from a single incorporated farm unit to two separate incorporated family units. The single unit was incorporated in 1962. Land values in this case have increased considerably since valuation day, but not as dramatically as the two previous examples from western Canada which I gave. In spite of a half million dollar operating loss due to the disastrous cattle price year of 1976, capital gains tax in this case for only a half share in this family unit is well in excess of $100,000, but the total amount is not yet finalized.

● (2202)

In all three case histories I have reflected on certain severe inadequacies of the income tax which have become quite apparent. Our income tax laws in Canada are responsible in their application for these severe limitations.

Two of the three cases involve intergenerational roll-overs to the next generation, and one requires a division of the existing family corporate structure into two or possibly more family corporations in anticipation of an intergenerational transfer later on. In all three cases none of the families wanted to stop farming or sell out completely. All wished to continue in the same family line. All were incorporated before the start of the new tax policy involving capital gains, which started back on January 1, 1972.

All three cases are in severe difficulties because of the dramatic increase in agricultural land values which has occurred since 1971. Why this great increase in land values? That is at the root of this, plus the interpretation of our tax laws. There are a number of reasons. One is the real increase in farmland values resulting mainly from the re-investment of profits to improve productivity. Another one is the increasing scarcity of farmland, especially in Ontario, British Columbia

and, I presume, in Manitoba. However, even now on the prairies this is becoming more and more a factor. Finally, there is the insidious impact of inflation, the most important reason, and this includes the substantial amount of non-agricultural financing invested in our farmlands as a hedge against inflation. I think this is by far the most important reason why we have seen land values increase so dramatically. A combination of these three major factors has caused farmland values to increase anywhere from two to four and a half times, going back seven years, or since the advent of the capital gains tax.

In all three case histories the best available accountants, tax experts, and estate planners were employed for their expert advice by the respective families. The transfer of shares in a family farm company to a son in the event of a death of course results in an immediate realization of capital gains. Tax payments can be spread over several years, but the tax cannot be avoided; hence the increasing number of forced sales, such as that first case history to which I referred, to satisfy the capital gains tax.

While these remarks have all related to incorporated family farm situations, the same can be said for incorporated small family businesses of a non-farm nature. However, we should keep in mind that the capital needs in agriculture as a ratio of gross and net income are much higher than in other small business pursuits, indicating a disproportionate need for a tax roll-over provision for the corporate family farm. This is fully documented in a report of the Food Prices Review Board of March, 1975. This particular report shows that the investment ratio to gross domestic product in agriculture is well over twice as large as the same ratio in manufacturing. The report also finds that investment in land and buildings of Canadian farmers constitutes 70 per cent of the total capital value per farm.

● (2207)

I want now to go back to that earlier reference to the debate on the income tax amendments almost three years ago during Mr. Turner's period as Minister of Finance. I refer to *Hansard* of February 18, 1975, and also to the proceedings of the committee of the whole. In response to my arguments favouring roll-over provisions for incorporated family farms and partnerships, Mr. Turner had this to say as reported at page 3331:

> We were concerned about persuading more people to stay on the land and produce food. We recognized the difficulty in respect of a family farm in the current economic structure, and we eliminated the capital gains tax on the transformation of a family farm from one generation to another as long as the land remains in agricultural use. The difficulty is that since the land is so illiquid, the payment of capital gains tax on the value of the land is very difficult, particularly in those areas of the country where there might be an artificial effect as a result of suburban sprawl. In this event the land is drawn out of agricultural production because the children cannot raise the money to pay the tax on the death of the father or mother, and it is the land, that is liquidated.
>
> In the case of an incorporated farm there is not that type of liquidity because the shares, by reason of estate planning, can be transmitted over a period of time within the lifetime of the father and mother, and the same problem of liquidity does not arise.

[Mr. Hargrave.]

A little later he said:

> On the question raised by the hon. member for Medicine Hat, there is very little logic in segregating the incorporated family farm as a business from any other incorporated business in the country—of which there are hundreds of thousands—so that in fairness, if one were to allow capital gains, free transmission from one generation to another in an incorporated family farm, there would be little argument for resisting that transmission on a tax free basis from one generation to another in any incorporated family business.

With respect to Mr. Turner's last point about the inclusion of any—that means all—incorporated family business for the roll-over provision, I say most emphatically, why not? If ever there was a time in our history when small family style businesses of all kinds needed a shot in the arm it is certainly now when there is such widespread concern over the state of our economy. There is no question we are in a prolonged recession; it is just a matter of definition as to how serious it is. Small family businesses are the backbone of our Canadian way of life. If Britain's strength during the war was part and parcel of being a nation of shopkeepers, then Canada's strength and future relate directly to our private enterprise system and incentive for the small family business. They must have a sure future, including a reasonable process to continue that business, especially as an incorporated family business.

Mr. Turner's comments suggest that a liquidity problem would not exist with estate planning, that is, for incorporated family farms. This is simply not so, and I have already advanced some solid reasons for that. While it is possible for some kinds of estate freezing plans to defer taxes on capital gains until the death of the father, absolute avoidance is, of course, impossible, particularly where the rate of appreciation in value is considerable, which is certainly so now under our continued severe inflation.

● (2212)

Mr. Turner was concerned also about adequately defining a family farm corporation. There are a variety of definitions readily available. I should like to remind the House of three such sources: first, the federal government's Farm Credit Act which defines a family corporation; second, the Ontario government's gift tax act and succession duty act; and third, the British Columbia succession duty act. It should be noted the two Ontario definitions make no distinction between farming corporations and other small business corporations, and further, Ontario recognizes as an adequate definition of a small business the definition provided in section 125 of the Income Tax Act.

To conclude these remarks about capital gains and intergenerational roll-over for incorporated family businesses and partnerships, surely it is obvious some of our tax laws must be modified or changed. Seven years after valuation day and the Carter Commission, surely it is time to recognize what disasters are built into our tax structure and are only now becoming obvious because of the ravages of inflation.

Let us take a look at what can be done in this regard. First, I suggest the easiest, most important and basic solution is to allow the same roll-over provisions for incorporated family farms and partnerships as for the individual units now pro-

vided for by statute. Second, let us recognize that some incorporated family arrangements, which were established before valuation day, must now be entitled to a reverse amalgamation process. I have referred to that in the second case history which I cited. Third, why not give serious consideration to a new valuation day which would be much closer to present-day circumstances? Fourth, we could always examine the experiences and tax provisions in the United States where the intergenerational transfer principle has been available for some time now, provided the new generation stays in the business for a reasonable time frame. This is the principle of capital gains forgiveness, as distinct from the roll-over principle.

This principle is recognized already in Ontario and British Columbia succession duty legislation. A condition for such existing legislation is that the new generation continue to operate the farm for at least a ten year period, which is a sensible and reasonable provision. If a specific time frame presents administrative problems, perhaps a more general once-in-a-lifetime roll-over provision could be permitted.

Before leaving this subject, I want to remind the House, during this important debate, that the recent Commission of Inquiry into the Marketing of Beef and Veal received widespread input comment on this subject during their nation-wide hearings. As a result, their recommendation No. 14 reads as follows:

● (2217)

The deferral of capital gains tax, as it now applies to the family farm should be extended to cover family farming corporations.

It did not mention partnerships, but I am sure that the commission would want to include partnerships in that recommendation.

On a philosophical note, I would remind all parties concerned over this tax item that farmers, especially western farmers, have traditionally reinvested their profits, at least most of them, back into their farms and ranches for many generations. This no doubt developed as an aftermath of western pioneer days and, more particularly, as a result of ten years of drought and depression in the thirties.

That was followed by at least another ten years of adjusting to an agricultural economy when farmers had to learn all over again how to use financing and how to use cash money. An entire generation of farmers were affected in this way. It was as a consequence of this phase of western farm history that the observation has often been made that farmers, especially cattlemen, are broke most of the time without knowing it, but very often end up the richest men in the graveyard. There is a very obvious update to that quote today. Capital gains taxation has brought about an abrupt end to that continuing possibility.

I would like to make some appropriate remarks about another aspect of western agriculture that has a direct relationship with the income tax amendment. I am referring to the matter of the continuing and worsening drought across southern Alberta and southwestern Saskatchewan. This House has heard me comment on this subject over the past year on a number of occasions. I suppose it is a sort of labour of love, if one can really love a disaster. After all, the recent news stories of excessive rain in western Canada and the serious threat to our grain harvest, which is now over, most people, especially here in central Canada, assumed that the western drought was over. I must say that over much of the straight grain producing areas it is over, but all across southern Alberta, except, our irrigation areas, and the entire southwest part of Saskatchewan, the serious drought continues and worsens.

We have now had in this area three winter droughts and two summer droughts. In severity, they are at least the equivalent of the three worst years of the thirties, at least as I remember them. That was 1931, 1932 and 1937. That is with respect to soil moisture or more properly, the lack of soil moisture. However, the surface water situation that is needed for stock watering is much worse, the worst I have ever seen.

The cabinet committee of eight ministers that was formed early this year, with the Minister of Agriculture (Mr. Whelan), as chairman, was established last spring as a direct consequence of this widespread and serious western drought.

At various times I was concerned enough to make specific recommendations to this committee and its Regina task force. My personal letters of May 10, June 28, August 11 and, more recently, November 3 are a matter of record. The last one dated November 3 went to the Minister of Finance. I am genuinely pleased to report that a number of my suggestions have been acted upon. But perhaps my most important suggestion, a tax deferral provision, has not been accepted and it would appear it has been rejected.

A fundamental fact of farm life we learned during the drought of the 1930's was that the prudent course to follow was to reduce the number of our cattle, mostly cows, to a level which could be supported on our depleted winter ranges, augmented by local feed supplies, and then to buy back in, or, more often, to grow back in by natural increase after the period of drought was over. This might take years, but in 1977 it is still the prudent thing to do.

● (2222)

Starting a year ago now, cattle have been reduced in number to a considerable extent, and many more will have to move in the course of the next two months in numbers well above normal fall culling. There is no panic selling. After three or four years of disastrous cattle prices the market upturn is now well established. All categories of cattle are selling approximately $10 a hundredweight above levels of a year ago.

There is a very significant difference between this drought and the drought of the thirties. There was no income tax then. Cattle producers had no need to concern themselves about excessively high taxable incomes due to much larger cattle sales. They do now, of course. It just does not make sense to feed hay at $75 to $80 a ton to a $200 cow for five or six months. It will be a long, hard winter, regardless of how mild temperatures may be, because of severely depleted winter grass and feed reserves. Twice the value of a cow could easily

be fed during the feeding period this winter. Drastic reduction of cattle numbers is the right course to follow. Cattlemen know this, but they are very concerned about the tax position which would obviously result from much higher taxable incomes, in some cases as much as 50 per cent to 100 per cent higher than in more normal years.

A major incentive for cattlemen to do what they know is right, that is, to reduce the numbers of their herds, would be the introduction of a tax deferral plan along lines which have been well documented and presented to the cabinet drought committee and the tax policy branch of the Department of Finance. Such a plan would have to continue, not only until the drought was over but until grass and feed supplies return to normal. That may take years. Remember the lesson of the thirties.

This tax deferral plan has been fully supported by the governments of Alberta and Saskatchewan and I have reason to believe that the tax policy branch of the Department of Finance itself has given it some support. Unfortunately, it would seem that it is the Minister of Agriculture who has rejected the proposal. He has suggested that cattle herds are being reduced only to normal levels and that this is the conclusion reached by a drought task force survey last summer. Believe me, Mr. Speaker, this is not so. I say this most emphatically. Further, I would call attention to the response given to me by the Minister of Agriculture that there is "a rational culling of breeding herds which will serve to bring herd sizes more in line with normal range-carrying capacity."

Mr. Speaker, we simply do not have normal range-carrying capacity at the present time. Our carrying capacity in the drought area is the worst since 1937, which is 40 years ago, and I have been involved in the cattle industry in the heart of that drought area for every one of those 40 years, excepting the war years. In many cases cattle numbers have already been reduced by one half—in my own case it is by one third—and further reductions over the entire drought area will be necessary during the next two months.

I ask the special cabinet drought committee of eight, including the Minister of Finance, with the Minister of Agriculture as chairman, to reconsider the advisability of this tax deferral proposal. It is reasonable and practical; it has very wide support and it could serve as a last resort which would allow cattle producers to survive in a critical drought area. I am sure the Minister of Industry, Trade and Commerce (Mr. Horner), and the Minister of State for the Environment (Mr. Marchand) are fully conversant with both the subjects of which I speak tonight.

• (2227)

In conclusion, Mr. Speaker, I just want to make a very brief comment on the cancellation of the plans to tax life insurance policies in the hands of the recipient. I do so because of the heavy mail I have received, and I am sure every member in this House has received somewhat similar mail. This is the main reason the minister, in his good judgment, withdrew the major portions of that bill. I also think we should seriously consider doing away with the other two aspects proposed in that bill, the one on the alleged investment element at the time of a policy loan and the other one, of course, which disallows deduction of interest paid on policy loans.

I am looking forward to the committee stage when Bill C-11 comes before us for discussion in detail, and I hope to participate at that time on the matters which I have raised.

Finally, the father in one of those case histories which I referred to, when I was discussing the details over the telephone, after I am sure a very difficult day at home on his ranch, had this to say after discussing his critical farm situation, "We can handle the cattle physically; we can live with the weather under all circumstances, but when the bureaucrats and politicians move in after four years of depressed markets, what chance have we got?"

Mr. Kempling: Mr. Speaker, may I call it 10.30?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Order, please. It being 10.30 p.m., this House stands adjourned until tomorrow morning at eleven o'clock.

At 10.28 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Friday, November 18, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

HEALTH

PROPOSED ACTION TO PROTECT PRIVACY OF MEDICAL FILES—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. Given that it is in the public interest to protect the privacy of individual Canadians and that it is in particular in the public interest to protect the confidentiality of medical files of Canadians, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the federal government initiate the appropriate action in consultation with the provinces to remove the obligation from physicians to write specific diagnoses on medical bills submitted to the insurance plan which pays the insurance bill. By this method information on individual Canadians would remain strictly within the confines of the physicians' offices and thereby lead to greater protection of privacy.

Mr. Speaker: Order, please. Presentation of such a motion at this time pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR LIST OF FILES INCINERATED ON JUNE 3, 1977—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. The Solicitor General said in the House on June 21 that the material burned by the RCMP in Montreal on June 3 "had no value." Two nights ago Chief Superintendent Guy Marcoux head of the criminal investigation branch of the RCMP in Montreal stated about this material, "I can't be sure they didn't contain any evidence of illegal activities by members of the force", with reference to the RCMP. In view of this contradiction, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Solicitor General to table a list of all documents that were burned by the RCMP in Montreal on June 3.

Mr. Speaker: Presentation of such a motion for discussion at this time pursuant to Standing Order 43 would require unanimous consent. Is there unanimous consent?

Some hon. Members: No.

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EXTERNAL AFFAIRS

SUGGESTED PROTEST OF EXTENSION OF CUBAN OCCUPATION OF ANGOLA—MOTION UNDER S.O. 43

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, in light of published reports that the vice president of Cuba has indicated an additional 10,000 experts will be sent to Angola, and considering eyewitness reports of Canadians repatriated from that unhappy country that the repression there under the current regime is worse than anything experienced under Portuguese rule, I move, seconded by the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty):

That this House call upon the Secretary of State for External Affairs to protest directly to the government of Cuba and to the Security Council of the United Nations, any further extension of the Cuban occupation of Angola.

Mr. Speaker: Order, please. According to Standing Order 43 the presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

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PENSION ACT

PROPOSED AMENDMENT TO PROVIDE EQUAL COMPENSATION FOR PRISONERS OF WORLD WARS I AND II—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on the basis of simple justice I hope the House will agree to a motion I should like to present under the terms of Standing Order 43. I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

That this House urges the Minister of Veterans Affairs to introduce the necessary amendments to the Pension Act so that the compensation for prisoners of war provided therein will apply to the fewer than 200 Canadian veterans still living who were prisoners of war during World War I, as it does to those who were prisoners of war during World War II.

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 can be made at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

INCOME TAX

RELEASE OF CONFIDENTIAL INFORMATION TO UNAUTHORIZED PERSONS—GOVERNMENT ACTION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the Minister of National Revenue. Canadians are shocked today to discover that their personal and confidential tax information has been given out over the telephone to an individual who is unauthorized, who simply calls the regional tax office, identifies himself as a chartered accountant and gives the tax officials an individual's name and birthday. Has the minister given strict instructions to his staff that such information from the personal and confidential tax files of individuals is not to be given out over the telephone to unauthorized people without the strict authorization of the individual concerned?

Hon. Joseph-Philippe Guay (Minister of National Revenue): As I mentioned yesterday, Mr. Speaker, we have given additional instructions to all the 28 regional offices and the directors thereof to provide more security in our department. This has been done. This is part of what the hon. member is speaking of and I can assure him that this is the case.

Mr. Beatty: A supplementary question, Mr. Speaker. Mr. Speaker, according to chartered accountancy firms this is a practice which has been going on for sometime. Can the minister tell the House why he was not aware of this practice and why he was apparently unaware of the fact that it posed such a serious threat to personal privacy?

Mr. Guay (St. Boniface): Mr. Speaker, I do not accept the statement made by the hon. member in the first place as to whether or not I was aware of it and, secondly, the fact that accounting firms can get that information; I do not agree with that statement at all.

POSSIBILITY NAMES OF PERSONS REQUESTING INFORMATION FROM TAX RETURNS LISTED

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): A final supplementary question, Mr. Speaker. I am astonished and startled that the minister was in fact aware of the facility with which his department's security could be breached and that he did nothing about it. May I ask the minister, has the government kept strict records on all individuals who call in to his department over the telephone to request personal information on the confidential tax returns of individuals, and also the names of both the individuals about whom the information is requested and the name of the individual who is making the request?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Yes, we are aware that people could phone in regard to their own personal income tax paper. We would not give the information out immediately. It is a call-back system that we have been using or mailing the information back to the people in question. However, it is not done in the manner in which the hon. member is suggesting. If the hon. member has information contrary to what I am now giving, I would like him to make a valuable contribution to the Canadian people by giving me that information, along with any other information that members on that side may have. It could be very helpful to the investigation taking place at this time.

● (1112)

NUMBER OF OFFICES INVOLVED IN BREACHING CONFIDENTIALITY OF TAX RETURNS

Mr. James Gillies (Don Valley): Mr. Speaker, I have a question for the Minister of National Revenue. Can the minister tell us today what offices are involved in this nefarious practice of allowing unauthorized people to get access to other persons' income tax returns?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I am not in a position to give out any information with regard to which offices are involved. I am not making reference to any offices because I do not want to interfere with the investigation that is taking place at the moment. I can honestly say that the investigation is making considerable progress. I am very pleased with the investigation that is taking place.

Mr. Gillies: Mr. Speaker, I want to find out from the minister, and surely he has discovered this by this time, whether this program has been going on in all offices across the country or confined to one, two or three offices.

Mr. Guay (St. Boniface): I would say no, Mr. Speaker.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Gillies: The Minister of National Revenue is clearly saying to the House of Commons and to the people of Canada that this practice has been confined to only a very few offices of the Department of National Revenue in Canada. That is the statement he made today, that it only happened in a very few cases. Is that what he is saying?

Mr. Guay (St. Boniface): Mr. Speaker, I never said anything of the kind. I would never agree to the last question given to me a moment ago or to the previous question to the

effect that it has occurred in a very few instances. I never said that. Neither will I admit it because it is not the case.

Mr. Gillies: Mr. Speaker, this is a very, very important matter. The people of Canada are outraged because they thought they had been making confidential returns for their income taxes. The minister has confused the issue. I have a very simple question. Can the minister tell us today whether the breach of confidentiality of income tax returns of individual Canadians has occurred in only special cases in a few offices? Is that what he is saying?

Mr. Guay (St. Boniface): Mr. Speaker, I am only aware of the allegation made yesterday by the opposition. That is the only thing that has taken place to my knowledge. I would like to say to you, Sir, that the 1,600 employees of my staff are very loyal, and sincere. They consider their oath of office to be sacred. They are not giving out the information about which the hon. member is speaking.

* * *

ROYAL CANADIAN MOUNTED POLICE

STATEMENT BY SUPERINTENDENT MARCOUX CONCERNING INCINERATION OF FILES—REQUEST FOR CLARIFICATION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I hope the very, very clever obfuscations we just heard from the Minister of National Revenue will not be repeated by the Solicitor General. The Solicitor General promised to check out the statement made in Montreal two nights ago by Chief Superintendent Guy Marcoux with reference to the destruction of certain documents in Montreal on June 3. Has he asked his officials in Montreal why documents which might contain information about illegal activities of the RCMP were ordered to be burned on June 3, right at the time RCMP illegalities were being questioned in this House and at the time the government of the province of Quebec was openly considering the possibility of setting up an inquiry into one of these specific acts of illegality?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I had the opportunity of meeting with the officer in question this morning along with the Commanding Officer of "C" Division of Montreal. I went over with them in detail the answer I had previously given to the House on June 21 and received confirmation that it was in essence correct. The reason the documents were prepared at that stage is, as I indicated in the House yesterday, simply because there was an internal audit report which was done within the force between May 16 and 19 in Montreal, a report which was subsequently dated, perhaps in error, May 23 of that year.

• (1117)

Mr. Broadbent: In error?

Mr. Fox: The date may have been in error. As the hon. member indicated yesterday, May 23 was a holiday. During the course of this morning we tried to pinpoint the reason May 23 was actually on the document. It is quite clear that the audit took place between May 16 and 19, and the report would apparently have been typed up on the first working day after that period of time, which probably would have been May 24. Therefore, it is quite possible that the report ought to be dated May 24 instead of May 23.

The reason that the documents were in fact destroyed was that there had been this audit by the audit unit of the RCMP recommending that certain documents in the possession of the special "I" section in Montreal should be destroyed as they were no longer relevant. As far as the rest of the information is concerned, that is contained in my answer to the House on June 21.

Mr. Broadbent: A supplementary question, Mr. Speaker. I thank the minister for providing a lot of information that I did not ask for. I would ask him most specifically, when he met this morning with Chief Superintendent Marcoux and whoever else he met with, did he ask them why documents, which he described two nights ago as possibly pertaining to certain illegal activities of the RCMP, were destroyed at the time when members of the House of Commons were raising questions about certain illegalities involving the RCMP, and also precisely at the time that the government of the province of Quebec was talking about opening an inquiry into a specific act of illegal wrongdoing.

Mr. Fox: The answer, Mr. Speaker, is very simple. There has been burning of documents or normal destruction of documents in the force in every division across the country. The burning in question, or the destruction, to use that word, took place on June 3 of this year. While the officer did not indicate that he would want to check with the division officer before answering the question which was put to him by the press, he has now done so and he is satisfied that there was no material, to his knowledge, which pertained to any illegal activities by the force.

This matter having been raised, Mr. Speaker, it will, of course, be open to the McDonald commission of inquiry to determine whether they wish to inquire further into this matter; but at this stage I have reviewed the matter with the commanding officer of "C" Division Montreal, and also with the officer who made the statement. I have seen the internal audit report and there is no indication that any evidence relevant to any illegal activities by the force was burned at that stage. If the hon. member has any information to that effect, we would, of course, be pleased to receive it.

POSSIBILITY MICROFILM COPIES OF FILES DESTROYED ARE AVAILABLE

Mr. Edward Broadbent (Oshawa-Whitby): The minister said in the House yesterday with reference to an earlier statement that he made that the commissioner of the force had indicated that very strict directives prohibiting the burning of any further files were issued during the course of the inquiries, which indicated that certainly after they had had the initial

burning they decided from then on that there would be no more burnings. It seems to me to raise certain legitimate questions about the credibility of all the documents which are going to be available for the two inquiries to consider.

As a final supplementary question, I should like to ask the minister whether microfilm copies were kept of the documents which were burned. If so, or if records of any kind were kept, will the minister undertake to provide to members of the House a list of all the documents which were in fact burned on June 3 in Montreal?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I think the commissioner of the force issued his directive that there be no further destruction of documents in order to alleviate any concern that perhaps there was the possibility of destruction of evidence. I think the directive was in fact issued after the initial destruction of documents, which is an indication of the complete good faith of the force in this regard. So far as the documents in question are concerned, Mr. Speaker, much of the material was transferred to other sections of the force. Much of the material that was destroyed related to operations for which the special "I" section of the force had given technical aid to other sections of the force, and of course those documents would be available. Any documents which are in our possession, Mr. Speaker, will be made available to the McDonald Commission.

● (1122)

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRIME MINISTER OF ITALY, MR. ANDREOTTI

Mr. Speaker: Before proceeding with the oral question period, I know that all hon. members will want to join me in acknowledging the presence in our gallery of a very distinguished visitor, Mr. Guilio Andreotti, the Prime Minister of Italy.

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GRAIN

INQUIRY WHETHER POLICY FOR SUBSIDIES FOR STORAGE IN QUEBEC HAS BEEN DECIDED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question was for the Minister of Agriculture, but as he is absent from the House, I shall direct it to his parliamentary secretary.

In a news release dated October 17, 1977, the minister announced that an amount of some $28 million would be paid in subsidies to feed mills and other firms in eastern Quebec which are involved in storing grains, to ensure a better supply and prevent the rising of prices like that which occurred when longshoremen went on strike two years ago. Could the Parliamentary Secretary to the Minister of Agriculture advise the House whether the appropriate regulations resulting from this policy have been established and, if so, whether he could advise hon. members of their content so that in turn hon. members may advise their constituents?

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am grateful to the hon. member for directing this question to me. I can advise the House that these regulations are already well known in Quebec. A Sainte-Rosalie co-op which is already taking advantage of this program has obtained subsidies and financing under the program which was announced on October 17 last. I shall be delighted to provide the hon. member with the relevant information concerning the applications from the owners of feed mill co-operatives in areas which are lacking in storage facilities.

Mr. Lambert (Bellechasse): Mr. Speaker, I thank the parliamentary secretary for his very specific answer. Could he now tell the House whether there is a deadline set for the implementation of that program for the $28 million mentioned? If so, could he also advise us whether after the depletion of those funds there will be supplementary estimates according to the request made by co-operatives or by mills in eastern Quebec?

Mr. Caron: Mr. Speaker, that program was set up for eastern Canada and also part of British Columbia for a 5-year period. An amount of $28 million is available under the program for a 5-year period.

* * *

[*English*]

ENERGY

CANDU REACTOR—POSSIBILITY PMN OF ITALY WILL OBTAIN LICENCE TO CONSTRUCT

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I should like to direct my question to the right hon. Prime Minister. While we are honoured with the presence of the Prime Minister of Italy in the gallery, I wonder if the Prime Minister could inform the House if his government, through a major Crown corporation, namely, AECL, has finally completed its arrangements with an Italian state firm called PMN to enable that firm to construct or to licence the construction of the CANDU reactor in Italy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Prime Minister of Italy and myself, as well as our ambassadors and officials, have attached great importance to this matter. Although conclusions have not been arrived at, both sides are optimistic that such a project will be brought forth and will be very much to the advantage of the two countries.

Hon. members of the House are aware, apart from the financing and technical aspects, that there was a question of safeguards which has to be finally settled. This week in Ottawa we will have the presence of the director of Euratom, Mr. Bruner. We hope, by the end of the week, that arrangements will be made to permit us to reach a satisfactory

conclusion which, on the one hand, will meet our very real concern in Canada about proliferation; and at the same time, will permit co-operation to be extended to our friends in Europe. I am very grateful to the Prime Minister of Italy for the co-operation and leadership he has taken in this matter.

Some hon. Members: Hear, hear!

• (1127)

Mr. Lawrence: My supplementary to the Prime Minister is this: Are the Prime Minister or the Minister of Energy, Mines and Resources aware, and have the officials in AECL brought to the attention of the government, that PMN in Italy is a wholly-owned subsidiary of Finn-Mechanica with whom the ex-head of AECL now seems to have very strong commercial ties. Has that been a factor in the decision to select PMN as the licensee in this arrangement?

[*Translation*]

Mr. Trudeau: Mr. Speaker, perhaps the minister could be more specific, but I would like to remind the House that we are only now calling for tenders. The contract has not yet been awarded and the calling of tenders is under way. Surely if other companies wish to tender they can do so. No doubt, however, the Minister of Energy, Mines and Resources can provide more details.

* * *

[*English*]

COMBINES

ACTION BY MINISTER TO ENSURE OFFICIALS SUPPLY FULL INFORMATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct my question to the Minister of Consumer and Corporate Affairs. The minister is reported in the press as having said with respect to his tenure as Solicitor General, with regard to withholding information, and I quote: "It seems they did withhold information from me and from other solicitors general. Some of them argue and will argue that they withheld it because it was not explicitly asked for. I wouldn't accept that in many cases." Given that the minister was solicitor general longer than most of his predecessors in living memory, and given that he now holds a very sensitive portfolio in the government of Canada and is responsible for reporting to this House on activities, for example, of the Combines Investigation Branch and for the enforcement of the Combines Investigation Act, is it the hon. gentleman's position—and this raises serious questions, I might add, about the competence of this minister—that he can be misled by people who advise him on sensitive areas of his responsibility? I think, for example, of the advice he received from the RCMP when he was solicitor general.

If this is the case, what steps is he now taking as Minister of Consumer and Corporate Affairs to see that he is being supplied accurate information by those whose job it is to advise him, for example, with regard to the Combines Investigation Act? I think, now, Mr. Speaker, of the TELESAT decision by CRTC where the Combines Investigation Act went one way and the cabinet went the other.

Some hon. Members: Hear, hear!

Mr. Speaker: In so far as the question relates to the minister's previous responsibilities, it is clearly contrary to precedent. However, the minister may wish to express confidence in his officials in his present capacity and to that extent, I suppose, the question has an air of legitimacy. Anything with respect to the minister's previous capacity, of course, is clearly contrary to the rules of the House.

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Every step will be taken to ensure that all questions will be fully answered and that all information will be made available to me.

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ROYAL CANADIAN MOUNTED POLICE

CHARGES BY FORMER SOLICITOR GENERAL FORCE WITHHELD INFORMATION—ACTION BY MINISTER

Mr. James A. McGrath (St. John's East): My supplementary question is to the Solicitor General. In view of the very serious but unsubstantiated charges made by his immediate predecessor, the Minister of Consumer and Corporate Affairs, regarding the RCMP, accusing them of withholding information from the minister and his predecessors, what steps is the minister taking to investigate this situation? If the charges by the Minister of Consumer and Corporate Affairs can be substantiated—and I doubt this very much—then it is incumbent upon the minister to take disciplinary action. If those charges cannot be substantiated, it is obvious that the Minister of Consumer and Corporate Affairs has to do the honourable thing, since he smeared the RCMP, and resign.

Hon. Francis Fox (Solicitor General): Mr. Speaker, we on this side of the House have demonstrated time and time again over the past few months—not only during the past few days as has been the case on the other side of the House—that we have full faith and confidence in the direction of the RCMP.

Some hon. Members: Hear, hear!

ACCURACY OF INFORMATION RECEIVED FROM FORCE BY MINISTER

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would again quote these words from the statement of the Minister of Consumer and Corporate Affairs: "It seems they did withhold information from me and other solicitors general." Has the minister satisfied himself that he is receiving accurate information from the RCMP in his weekly briefings, since obviously his predecessor, the Minister of Consumer and Corporate Affairs, included him in this blanket indictment?

● (1132)

Hon. Francis Fox (Solicitor General): Mr. Speaker, in all my dealings with the RCMP I have always found them to be forthright and forthcoming in the reports they have made to me in response to questions I have asked them.

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THE MINISTRY

COMPETENCE OF CONSUMER AFFAIRS MINISTER TO OBTAIN INFORMATION FROM HIS OFFICIALS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would like to ask the Minister of Consumer and Corporate Affairs a supplementary question to try to work a way out of this difficult situation in which the Chair and the House find themselves. If I may speak with the permission of the Minister of State for Federal-Provincial Relations, who does not speak for the House of Commons, I would like to ask if the Minister of Consumer and Corporate Affairs would be prepared to make a statement to the House, to which he is accountable, to establish some proof that he is more competent now to obtain information in his present portfolio than he was in the past.

Mr. Speaker: The efforts to obviate all of the agony that I have had to go through in preparing a judgment for today are admirable and ingenious indeed; nevertheless, they are unsuccessful.

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TRANSPORT

REQUEST FOR ACTION TO ENSURE FAIR DISTRIBUTION OF BOX CARS FOR MOVEMENT OF GRAIN

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I want to return to an economic matter. All over western Canada many farmers find themselves in the position of being unable to secure any reasonable share of box cars for the shipment of their wheat. In the absence of the Minister of Transport, who is on one of his periodic political trips to the west, I would like to direct my question to the acting Minister of Transport and ask him whether he will immediately communicate with the railway companies, or whoever is in charge of the allocation of transport, to the end that the unfairness in distribution today will end and a reasonable degree of equality will be assured to those areas which up to the present time have been in the position of receiving much fewer cars than other areas of no more importance.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, first I would like to set right some of the remarks the right hon. member on the other side made in his preamble. The minister is not away on a political trip "out west" as the right hon. member said, but having discussions in Winnipeg regarding grain handling, a matter the minister is quite concerned about. I would also point out that what the right hon. member has been telling us is more a representation than a question.

[*English*]

Mr. Diefenbaker: I would like to point out that no parliamentary secretary has any right to answer questions on behalf of the government. In so far as the Minister of Transport is concerned, if he is about government business this weekend, he has not been in the last several weeks.

* * *

ADMINISTRATION OF JUSTICE

DATE OF DECISION OF SUPREME COURT IN CIGOL CASE

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is addressed to the Prime Minister. In view of the explosive potential to the national unity of Canada of the Cigol case now before the Supreme Court of Canada, has the federal government, as an intervener against the provinces on behalf of this oil company, received any indication when the decision of the Supreme Court will be announced.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will take notice of the question on behalf of the Minister of Justice. I have not personally received that notice.

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PUBLIC WORKS

RIDEAU CENTRE DEVELOPMENT—DATE OF TERMINATION OF COMMITMENT TO RIDEAU VIKING GROUP

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is to the Minister of Public Works. Considering the important economic adjustments required in all sectors of the city of Ottawa as a result of the announced programs of decentralization and relocation of employment centres, considering the urgent need for all levels of government in the national capital region to co-operate in co-ordinating plans for economic diversification of our local economy, and considering also the need for stimulating the private sector in order to create employment in the city of Ottawa, can the minister inform this House what is the status of the Rideau Centre development project and, if when he announced the government's commitment to the Rideau Viking group a few short months ago he had in mind a date of termination of this commitment to the Rideau Viking group, what is that date?

Hon. Judd Buchanan (Minister of Public Works): Mr. Speaker, as the hon. member indicated, we have given an undertaking to the Viking group that we will work along with them in an effort to reach a satisfactory conclusion. Good progress is being made. We expect the matter to be completed by April of next year. The only complicating factor is that it involves permits and actions by other levels of government. If

they should delay, the date could be pushed along, but our target date is April of next year.

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RESOURCES

LAY-OFFS AT FALCONBRIDGE—POSSIBILITY OF STOCKPILING NICKEL

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the fact that Falconbridge Nickel Company of Sudbury has announced the termination of 560 jobs with a possible total reduction of 800 jobs by the end of next year, will the minister tell the House whether his government is willing to aid the hard pressed nickel industry by stockpiling measures until markets pick up, as was done with uranium, or is sympathy all he can offer to these unemployed miners?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I do not think that kind of cheap shot is going to help the situation one little bit. The hon. member must know that the government has been doing everything it can to try to assist in a very painful situation. It has met with members of the industry, leaders of the community and with leaders of the businesses themselves. I spent a considerable amount of time yesterday with the chief executive officers of INCO who are also very much concerned about the over-all world situation.

Unfortunately, a stockpiling program is not the answer at this time. If it were, the government would be prepared to consider it, but if the hon. member were to look at the world situation, he would realize that the situation over the last three years has been that inventories have been increasing each year. In other words, there has been a stockpiling system for the past three years, and that has not proved to be the answer for the community of Sudbury.

PROPOSED COMMITTEE TO STUDY LAY-OFFS IN MINING SECTOR

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, the fact remains that despite all the meetings we still do not have any concrete proposals from the minister.

In view of the fact that the Department of Employment and Immigration estimates lay-offs in the mining industry now total 9,000 across Canada and that predictions are that by the end of next summer up to 20,000 workers in the mining sector could be without jobs, will the minister urge the government to set up a special parliamentary committee to examine the mining industry and make recommendations so that we might avoid this impending disaster?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am sure the hon. member is familiar with the fact that the Ontario government has already set up a select committee to examine the situation with respect to Sudbury and the nickel industry. Undoubtedly, that particular committee will want to call many witnesses. Undoubtedly too, because the province has the responsibility for both environmental controls and mining taxes, there will be measures which the Ontario government can take which will alleviate a very serious situation.

As to the mining industry more generally, the hon. member may recall that in an answer to this House I think some ten days ago I indicated that I thought it might be useful to convene a federal-provincial conference of mines ministers, and possibly finance ministers as well, to look at the constraints and difficulties facing the mining industry in this country. However, before that would take place I think it would be advisable for the leaders of the various mining companies—both management and labour—to meet with the particular provinces concerned, so that when the provinces would meet with us there would be some kind of consensus in which both labour and management would have had a significant input.

Mr. Symes: Mr. Speaker, consultations like that would certainly be well and good, but the minister still has not answered my question. The minister is the Minister of Energy, Mines and Resources for Canada, and it seems to me that the Parliament of Canada certainly has the responsibility to examine this problem. Will the minister take the representation that we set up a committee to look into the mining industry of Canada as a whole under advisement?

Mr. Gillespie: Mr. Speaker, I have noted the representation.

* * *

● (1142)

CONSUMER AFFAIRS

POSSIBILITY DEPARTMENTAL OFFICIALS WITHHOLDING INFORMATION FROM MINISTER—MINISTER'S POSITION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. I should like the minister to tell the House whether he makes the same accusations against the public servants who are working for him now that he made against the Royal Canadian Mounted Police, namely, that his public servants are withholding information from him?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): No, Mr. Speaker.

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ROYAL CANADIAN MOUNTED POLICE

NATURE OF CHARGE BY FORMER SOLICITOR GENERAL CONCERNING WITHHOLDING OF INFORMATION—REQUEST FOR REPORT

Mr. Joe Clark (Leader of the Opposition): A supplementary question to the Solicitor General. There has been some confusion as the House will note as to just what kind of

accusation the now silent Minister of Consumer and Corporate Affairs was making outside the House. The Acting Prime Minister yesterday said he had been told by his colleague that the Minister of Consumer and Corporate Affairs was speaking about one incident. The press reports are very clear that the minister is quoted as speaking in the plural. I should like to direct a question either to the Solicitor General or the Prime Minister, whoever is informed on the matter, as to what exactly the Minister of Consumer and Corporate Affairs said outside the House relative to his responsibilities as Solicitor General. Did he make the charge that information had been withheld from him on one occasion only or did he make the charge that there had been information withheld from him on more than one occasion?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I think the Leader of the Opposition would do well to read what was said. As I read it myself, I think the Minister of Consumer and Corporate Affairs did not indicate that he had been deceived but that he had asked for some information. Information had been given to him and he thought perhaps more information could have been given to him at that time.

Mr. Clark: A supplementary question. The precise language, to remind the Solicitor General who is forced to represent in this House a man who will not speak for himself, was, "It seems that they did withhold information from me and from other Solicitors General." In other words, that this was not an isolated practice. Is it the position of the Solicitor General of Canada that that was in fact what the minister said, that the minister was referring to a practice of withholding information or that he was referring to simply one instance of withholding information? Was it plural or was it singular? Do we believe what the minister said outside the House or do we believe what the Acting Prime Minister said inside the House?

Mr. Fox: Mr. Speaker, there is no practice of withholding information from Solicitors General within the RCMP.

Mr. Clark: Mr. Speaker, we are in a very difficult situation in this House. The man who made these accusations against the RCMP outside the House will not say anything inside the House. We are told the only person to whom we can direct questions is the Solicitor General. The Solicitor General will not answer the very simple question as to what his colleague said. What accusations did his colleague level against the RCM Police? Did he say that they withheld information from him on one occasion or did he say there was a practice in the RCMP of withholding information from a series of Solicitors General, singular or plural?

Mr. Fox: Mr. Speaker, I think it is quite clear that there is no accusation that the Royal Canadian Mounted Police at any point deceived any Solicitor General inasmuch as the way that word is normally used. I think if one talks about deception one talks about wilfully, knowingly, withholding information that one knows ought to be brought forward.

GOVERNMENT ADMINISTRATION

POSSIBILITY OF HOLDING INCREASE IN EXPENDITURES TO SIX PER CENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister. In his October 20 statement the Minister of Finance indicated that he hopes there will be a wage ceiling of six per cent next year. Earlier this morning he reasserted his belief that inflation in fact will only be six per cent next year. Would the Prime Minister indicate if his government is willing to hold its own expenditures to a six per cent ceiling next year?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we have, as was visible when the President of the Treasury Board tabled the supplementary estimates some days ago, followed on our undertaking to bring down the percentage of GNP which was accounted for by federal budgetary measures. We have been successful in the past three years and we hope to be successful in the future, in spite of the incessant demands of the opposition for the government to spend more money.

Mr. Stevens: Mr. Speaker, a supplementary question. To hold the six per cent ceiling next year would require no further spending increases beyond $2.7 billion. Would the Prime Minister give the House that assurance that spending increases for fiscal 1979 will not exceed that amount over the current estimates for this year?

Mr. Trudeau: Mr. Speaker, we never made that commitment. I think if the hon. member reflects a little bit he will see it would be a commitment very difficult to make and to keep. It is probably not desirable in a time when the country, and even the opposition parties, are asking us to inject more money, more spending power in order to increase consumer demand and to create more jobs across the country.

* * *

FINANCE

CEILINGS ON GOVERNMENT SPENDING AND WAGES—GOVERNMENT POSITION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, a supplementary question for the Minister of Finance who this morning indicated that if the wage earner finds himself a little poorer because of inflation being higher than six per cent, that is just too bad. Would the minister indicate if he has two standards, one to apply with respect to ceilings in government spending and another to the average wage earner in this country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I should like to answer the question. We have more than probably 70 per cent of the budget, or a very big amount of the budget which is taken up with transfer payments to individuals, the provinces and so on. In order to achieve that target we would have to cut a lot of those programs that have been voted by the House of Commons and there would be an outcry from

the other side. We have said we want to keep the ceiling on the expenditures of the federal government within the growth of the CNP and we will achieve it.

* * *

GOVERNMENT ADMINISTRATION

EFFORTS TO CURTAIL EXPENDITURES—GOVERNMENT POSITION

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, a supplementary question for the President of the Treasury Board. When main estimates were released in February the President of the Treasury Board indicated that government spending would be kept to 7.1 per cent for this fiscal year. Yet, when supplementary estimates came down we saw that government spending for this year is to be increased by 10.3 per cent. Given that there may well be, and probably will be, one more supplementary estimate, what assurance can the President of the Treasury Board give the House that government spending is under control and that some of the projections given by the minister and the Prime Minister in terms of curtailing government spending will in fact be realized?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member is using very selected percentage figure projections. We said last year that the commitment to spending in the fiscal 1977-78 would carry a ceiling of $44,450 million which will represent an 8.2 per cent increase over last year. The reason for the difference between 7 per cent and 8.2 per cent is that the 1977-78 dollar figure has not changed and will not change based on our forecast of spending through March 31 where as we came in $1 billion less for last year, fiscal 1976-77 than we had committed. That reduced the base on which the new percentage increase calculation was made. A rather commendable performance I think.

Mr. Andre: A supplementary question, Mr. Speaker. The President of the Treasury Board has just indicated to the House that the estimates of government spending presented to the House earlier of $46.5 billion in fact are not the estimates of government spending but in fact some other figure has been proferred. From whence the minister produces that is not disclosed. Given that the basis of the official government estimate of spending called for $46.5 billion in this fiscal year, representing 10.3 per cent over projected spending last year, not over actual spending of last year, could I ask the minister to explain to the House what new steps will be taken? This is the third year in succession where spending has in fact turned out to be considerably larger when supplementaries have been taken into account than have been predicted by successive Treasury Board presidents when they introduced the main estimates in February of each year.

Mr. Andras: Mr. Speaker, on the contrary this will be the third year in a row where the actual final tally of spending will be less than was previously forecast.

FINANCE

VALUE PLACED ON DOLLAR IN VIEW OF INFLATION RATE

Mr. Gordon Towers (Red Deer): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that the minister has agreed that the inflation rate is very closely associated with the value of the dollar, I wonder if the minister could state exactly what value he has placed on the dollar in view of the six per cent inflation rate.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, our Canadian dollar is floating. I think its current rate is 90.7. But you will understand that I cannot anticipate what it will be next year. It may be higher or lower.

* * *

● (1152)

[*English*]

FOREIGN INVESTMENT REVIEW AGENCY

POSSIBILITY ACTIVITIES WILL BE SUSPENDED—GOVERNMENT POSITION

Mr. Jack Pearsall (Coast Chilcotin): Mr. Speaker, my question is directed to the Prime Minister. Will the Prime Minister put an end to the current speculation in the press by telling the House whether there is any truth to the rumour that the cabinet has plans to suspend the activities of the Foreign Investment Review Agency for three years?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

* * *

INCOME TAX

ALLEGED SURVEILLANCE OF MIDWAYS—POSSIBILITY OF PROSECUTIONS

Mr. Ray Hnatyshyn (Cape Breton-East Richmond): Mr. Speaker, my question is directed to the highly briefed Minister of National Revenue. I gave him notice of my question. It is with regard to an operation of surveillance which took place this past summer respecting midways in smaller centres and some larger centres in western Canada. Can the minister confirm whether this close surveillance took place with respect to midways in western Canada and whether or not there have been any prosecutions as a result of this surveillance?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I first want to say that the letter I received from the hon. member for Saskatoon-Biggar only indicated that he had some information. He said he had received information pertaining to surveillance of the midway. No other details were given. However, in view of the inquiry in Alberta at the present time, I am not going to make any statement with regard to that particular aspect of it.

ALLEGED EQUIPPING OF OFFICE PERSONNEL WITH DISGUISES FOR SURVEILLANCE WORK

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I am afraid to give the minister too much notice of the question in case he might have the answer. On the other hand, I want to assure him I am not asking about any inquiry taking place at the present time. I am talking about surveillance of midways in smaller centres such as Thunder Bay, Lethbridge, Swift Current and the like. When the minister is making these inquiries of his departmental officials, will he determine whether it is government policy to use office personnel from regional offices in western Canada such as Winnipeg, Calgary, Thunder Bay and Saskatoon, and to provide these office personnel with disguise kits containing golf caps, hand operated counters and wallets to put in their back pockets so that they will be disguised only if they are not standing together.

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I am very pleased indeed with the details just given to me. I want to assure the hon. member that I will look into this important matter immediately.

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RESOURCES

PROPOSED FEDERAL-PROVINCIAL CONFERENCE ON MINING—GOVERNMENT ACTION

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is supplementary to those asked by the hon. member for Sault Ste. Marie to the Minister of Energy, Mines and Resources. Given the alarming state of the health of the mining industry in Canada and the catastrophic effects that any further deterioration could have in this sector, and given the fact that this is an industry which touches upon both federal and provincial jurisdictions, is it the minister's intention to attach great immediacy to the federal-provincial conference that he spoke of earlier and to announce the convening of such a conference early in the new week?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I do place very considerable importance on such a conference taking place. However, we have to first determine with the provinces whether it is likely to be a successful conference in the sense that they will come prepared and will be ready to discuss what particular measures they would be prepared to take. As the hon. lady has pointed out, the provinces do control the mining rates, the mining tax and the environmental pollution standards. They have by far the largest impact on the climate for the mining industry. I wish it were otherwise, but that is the situation.

[Mr. Guay (St. Boniface).]

SOCIAL SECURITY

NEGOTIATIONS FOR RECIPROCAL AGREEMENT ON PENSIONS WITH UNITED KINGDOM—REQUEST FOR REPORT

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, in the absence of the Minister of National Health and Welfare, I will direct my question to the Prime Minister. I am very pleased that an agreement was signed with Italy yesterday concerning reciprocal pension arrangements. Has any progress been made with regard to signing a similar agreement with the United Kingdom, considering that the former Minister of National Health and Welfare stated on March 9 last that they were pressing us to sign such an agreement?

[*Translation*]

Hon. Marc Lalonde (Acting Minister of National Health and Welfare): Mr. Speaker, in my capacity as Acting Minister of National Health and Welfare, I should like to answer the question of the hon. member and say that negotiations with England, the United States and France are still in progress, that the various officials have been holding meetings. I must remind the hon. member that last spring I indicated in my former capacity that I had gone to England personally to encourage Britishers to sign an agreement at the earliest possible time. Their reaction was fairly encouraging but they were facing problems because of the financial implications of such an agreement. We have continued to press the United Kingdom into signing an agreement as soon as possible. As for us, we are ready to sign an agreement without further delay.

* * *

[*English*]

PUBLISHING

PROTECTION OF CANADIAN AUTHORS FROM REPRODUCTIONS OF THEIR WORKS IMPORTED FROM UNITED STATES

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State. It is with regard to the meeting which occurred earlier this week with a number of authors concerned about "the possible collapse of the Canadian publishing industry". This is not the first time a representation has been made with regard to the disastrous situation in terms of the remaindering of a number of Canadian books from American sources. As far back as 1972, the Ontario royal commission on publishing said the customs provision of the Copyright Act is "unworkable in practice and . . . should be reviewed and clarified". Why has it taken so long for the government to move with regard to this threat to Canadian authors and publishers and when can we expect some effective response in this regard?

Hon. John Roberts (Secretary of State): Mr. Speaker, as the hon. gentleman has suggested, the Minister of Consumer and Corporate Affairs and I had a very useful and positive meeting with the authors. As a result of the representations made a few years ago, there was an implementation of a procedure for listing books in what is called the Schedule "C" process. There has been some concern that while this process

was a desirable one, it was not working with as much expedition as desired. There is an undertaking to consult with the Department of National Revenue to try to ensure that this procedure is speeded up to the highest degree possible. We are also undertaking to see if there are means to clarify the meaning of the law about which there is some dispute. The result of the meeting was very positive. I think we will be able to see a clarification of the difficulties in the very near future.

Mr. MacDonald (Egmont): Will the minister indicate whether any significant action will be taken to establish an interdepartmental committee of the relevant departments, Consumer and Corporate Affairs, Justice, Revenue and his own department? In addition, did the minister or his colleague give any indication to the authors that they would be prepared to make a test case with regard to this particular situation? Will they in the further meeting which I understand will take place later this month give a definite time commitment in terms of some action to take place within the next few months so that the authors and publishers will not be fobbed off over the next two years as they have been for the past two?

Mr. Roberts: Mr. Speaker, I would like to point out that it was not a question of fobbing off the authors. Both the Minister of Consumer and Corporate Affairs and I are aware there is a very real problem here and we are prepared to act in relation to it. We have taken actions in the past and we are now trying to make these actions more effective. As to the specific course the hon. member has suggested, that of an interdepartmental committee, it is not clear to me, at least yet, that there is a need for such a mechanism. We want to explore the approaches we developed with authors who met with us, to explore what they have suggested. It is not at all clear that the mechanism which the hon. member has suggested will in fact prove to be necessary.

* * *

ENERGY

NORTHERN GAS PIPELINE—INQUIRY AS TO GUARANTEE CANADIAN PIPE USED IN CONSTRUCTION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Prime Minister. The Prime Minister indicated in Hamilton on Wednesday with reference to the Alaska Highway pipeline, and I think I quote him accurately, that the Canadian steel industry will have to be competitive if it expects any of its steel pipe to be used on the Canadian portion of the Alaska natural gas pipeline. Will the Prime Minister now confirm to the House there is no guarantee whatsoever that Canadian steel pipe must be used in the construction of that pipeline?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this question has been dealt with again and again. Quite honestly, I think I must ask the hon. member to use a bit of common sense on this. Obviously, there is a preference. It is written right into the agreement with the United States. There is a preference for Canadian products and Canadian industry for the Canadian portion of the pipeline, but obviously it would be folly to make this absolutely without condition and an absolute guarantee. I suspect that if the hon. member thought about it, he would not be asking for this. The Canadian industry is a very competitive industry. The workers are very, very capable. The technology is possessed by the Canadian industry. However, we cannot say "You can submit any price, no matter what the cost, and we will take your produce." That would mean Canadian consumers would have to pay much more.

This is a matter of common sense. I do not think the hon. member or his party would want to get that absolute kind of guarantee, that at any cost Canadian industry can be assured of the contract.

• (1202)

Mr. Leggatt: If we are exercising common sense, Mr. Speaker, perhaps the Prime Minister should know that the consumers of that particular product are Americans not Canadians. If the interest of the Prime Minister is to protect American consumers in terms of the construction of the pipeline, I can understand his answer. But the question remains. In terms of determining the value of the bid on that steel, given the nature of subsidies around the world, including the DISC program in the United States through which steel is being subsidized and the massive subsidies applied to Japanese steel, how is the Prime Minister to monitor whether competitive foreign bids which meet Canadian bids are not under some kind of substantial subsidization when the time comes to let contracts for that particular pipeline?

Mr. Trudeau: As to the first part of the question I hope the hon. member realizes, because his party supported the construction of the pipeline, that one of the objects is that Canadian gas will be flowing through it one day and it will thus be of advantage to Canadian consumers. If the hon. member is more interested in the shareholders of Stelco, that is another matter. But we are interested in the Canadian consumers who will benefit from that gas eventually.

With regard to the bidding practices of other countries and the possibility of subsidies, the government is conscious of that aspect. Of course, we will make sure that the bids are competitive in a true sense, and if there is any form of subsidy, hidden or not, we shall ensure that the bids take account of that situation and that there will not be any unfair competition against Canadian prices and submissions.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MINISTERIAL RESPONSIBILITY—STATEMENT BY MR. SPEAKER

Mr. Speaker: Order, please. Yesterday questions of privilege and points of order were raised together in connection with the

various requests that some action be taken by the Minister of Consumer and Corporate Affairs to submit to questioning in the House, to make a statement, to appear before a committee, to rise on a question of privilege, or to take a number of alternative steps which were suggested during the various arguments which were put forward. All of them related to the central point which has been referred to, that is, the responsibility of ministers to answer questions, or the limit to which ministers are required to answer questions in the House, depending on what point of view is taken.

In any event, the subject related to the ability of members of the House to put questions to ministers concerning responsibilities not connected with portfolios presently occupied. We have referred to this matter several times in the past, but perhaps I could refer briefly to my ruling in June of this year, which can be found on page 6851 of *Hansard:*

> That situation, it seems to me, is a long way from covering the one at the present time, which is similar to ones which have arisen many times in the past, namely: Can members ask a question of a minister in that minister's former capacity? The clear answer given time and time again, without any doubt about our practices and precedents, has been no. It is tied very directly to the theory of ministerial responsibility, that the present incumbent of a ministerial office has responsibility which goes back for all time. It does not stop at the time that that incumbent took office. Therefore there cannot be two people responsible to the House in the parliamentary sense for that continuing responsibility.
>
> If one minister who now occupies that position is responsible through all time for answering questions in this House, that responsibility cannot be shared by another minister who is a former occupant. If it is the wish of the House to change its practices to say that the House ought to be able to ask questions of a previous incumbent, then the House must also be prepared to accept the argument that the responsibility of the present incumbent of that office stops retroactively back at the time that he took office.

I think that is as clear and explicit as language can be made. With respect to the suggestions put forward, that unanimous consent might be sought in order to get around the difficulty and deal with the matter in some way, I would remind hon. members that on previous occasions upon which unanimous consent was sought I went to great pains during the course of the exploration of that situation to guard time and time again respect and reverence for the basic rule I have just cited. In that regard, I would refer hon. members to my statements recorded in *Hansard* on June 21 of this year at page 6903 and again at page 6923.

Furthermore, I think hon. members will realize that in any circumstances in which it is the will of the House to attempt to get at a problem whose solution seems in some way to be impeded by the rules or practices of the House, unanimous consent, if forthcoming from the House by way of consensus, and presented to the Chair, is one process in which the Chair has always been willing to co-operate and to make every effort to facilitate the wishes of members of the House. But I think all hon. members would agree that it would be most improper of the Chair to take any initiative or to make any suggestions in that regard.

Therefore, before I could be asked to take any position with respect to any situation which might arise from unanimous consent, it would seem to me I would have to be presented with unanimous consent as a *fait accompli* with which I might then attempt to deal, but not as something in which I should in any way be involved from the point of view of initiative or in the search for that consent.

[Mr. Speaker.]

A further point was raised by the hon. member for Grenville-Carleton and by the hon. member for St. John's East, that members ought to be able to put a question to a minister asking him simply, not for an answer in respect to a previous capacity but whether or not the minister would be prepared to make a statement, or to appear before a committee or to do anything of that sort.

Obviously, the conclusion is that such questions addressed to a minister are quite proper if they relate to his present ministerial capacity. So it is quite in order to ask a minister if he intends to make a statement or if he intends to appear before a committee, provided the purpose of that appearance or statement relates to his present ministerial capacity. It is equally clear that the question is improper, by reason of our precedents and practices, if it relates to a minister's previous capacity.

Some confusion has evidently been raised by my failure to intervene when the Secretary of State for External Affairs was answering a question raised by the hon. member for Oshawa-Whitby a couple of days ago. I simply want to say to the House that I have checked the record and there does not seem to be specific language about negotiations. However, I thought I had heard a preamble which related to the minister being involved in meetings and reflecting on problems raised in the past about fluorspar in Newfoundland. It seemed to me there were implications about imports and prevention of imports, the raising and lowering of duties, and some possibility that there might have been negotiations or some capacity in which the Secretary of State for External Affairs might have been involved in the prevention of foreign imports, or activity to help the survival of that industry, and therefore I let the question go.

But if it is the view of hon. members that what took place offends our precedents in any way, I would ask them to realize the difficulty I was faced with in those circumstances and not accept it as any indication of my willingness to permit ministers to answer questions in some capacity other than their administrative responsibility, and, in that particular case, certainly not a former responsibility but, rather, one of a geographic as opposed to an administrative nature.

The rule is clear: ministers cannot be asked questions about their political responsibility in this House unless the subject relates to their administrative capacity in that portfolio. The House seemed to me today to react to that principle, to make an effort to avoid questions which I think they rather expected would be ruled out of order, and then to turn to the Solicitor General who is the present incumbent of this office to press the issue as to what exactly was said and, if there was truth in what was said outside the House, to take action within his department, in accordance with his ministerial responsibility, to determine the truth and accordingly to dismiss officials or, upon determination of the falsehood, to take steps with respect to the position of the minister.

All of that is quite correct activity, but it is clear, and I must once again enforce the rule, that questions put to ministers during the question period, and statements made by ministers and questions put to them upon the making of statements within the rules under which we presently operate must be entirely connected with their present ministerial administrative responsibility.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I appreciate the ruling you have just made. It occurs to me that in the course of your statement you dealt with a problem which has plagued us in this House, that of a minister, outside the House, making direct reference to and castigation of the department he has nothing further to do with, as was the case with the Minister of Consumer and Corporate Affairs.

● (1212)

In view of the constraints which Your Honour has placed upon us in asking questions in this House, and in view of the fact that I know the Minister of Consumer and Corporate Affairs was anxious, and indeed has the responsibility, to stand in the House and clarify, if that is possible, his smear against the RCMP which he made outside the House, I would ask Your Honour if this is not the appropriate point at which the House might give unanimous consent to allow members of the House, particularly members of the opposition, the next time we meet in the question period to ask questions of the Minister of Consumer and Corporate Affairs directly relating to his accusation made outside the House against members of the RCMP, and the fact that they were not forthcoming with information to him while he was minister, including his predecessor and successor in office.

Mr. Speaker: I thought I covered the possibility of unanimous consent. If the Chair is presented with unanimous consent as a *fait accompli,* I will attempt to deal with it.

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

TABLING OF ANNUAL REPORT OF CANADIAN SALTFISH CORPORATION

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, under the provisions of Standing Order 41, I wish to table, in both official languages, the annual report of the Canadian Saltfish Corporation for the fiscal year 1976-77, pursuant to section 32 of the Saltfish Act.

While I am on my feet, there have been some conversations with members opposite, and with the consent of the House I should like to move that the document be referred to the Standing Committee on Fisheries and Forestry.

Mr. Speaker: Order, please. Having tabled the document, the minister indicates that there may be some disposition in the House, with consent, to move now to refer the document to the standing committee. Is that the disposition of the House?

Mr. Hnatyshyn: Agreed.

Mr. Knowles: Agreed.

Mr. Speaker: Agreed. It is therefore moved by the Minister of Fisheries and the Environment:

That the annual report for 1976-77 of the Canadian Saltfish Corporation be referred to the Standing Committee on Fisheries and Forestry.

Motion agreed to.

* * *

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a point of order following upon the point of order raised by my colleague from Saskatoon-Biggar, and naturally I shall accept the direction of the Chair as to the procedure to be followed here. However, bearing in mind that the House has just given unanimous consent for the tabling of a document by the Minister of Fisheries and the Environment, and following whatever procedure is appropriate, I should like to ask Your Honour to instruct me as to how we might seek now from the House of Commons unanimous consent to permit the Minister of Consumer and Corporate Affairs to make a statement on motions at the next sitting of the House on Monday, which would allow him to state in the House of Commons the allegations and charges which he made against the RCMP outside the House of Commons.

As is the case normally with a statement on motions, this would allow members of the official opposition, and perhaps some of his own colleagues, to ask him questions to determine precisely what it was he said and precisely what it is he means to convey in regard to the withholding of information from him, as minister, on the part of the Royal Canadian Mounted Police.

If it is appropriate, I should now like to ask for unanimous consent of the House to allow the Minister of Consumer and Corporate Affairs to make a statement on motions in the House on Monday covering the charges that he made against the Royal Canadian Mounted Police outside the House.

Mr. Speaker: Order. The reference I made to unanimous consent as a *fait accompli* is one which I have made in the past. Frankly, I think it is practical—I say practical, but not absolutely necessary—that rather than another member asking for unanimous consent to permit something to be done, the request, if it is going to be put before the House, ought to originate with the member who wishes that something be done which is prevented by the rules from being done. If I were to put the question whenever one member sought unanimous consent for some other member to do something, I think we would continually be stopping the proceedings of the House. I endeavoured to say indirectly during the course of my ruling, as has been the case in the past, that if one faces a situation of

this kind the House should begin in some way to deal with it, but the fact is that I am not faced with it.

Mr. James A. McGrath (St. John's East): Mr. Speaker, with respect to your ruling, on the point of order which has been raised by my leader and also on the point of order raised by the hon. member for Saskatoon-Biggar, the fact is that in the course of Your Honour's ruling you indicated that we could proceed at any time on the basis of unanimous consent, which is, of course, a practice of the House.

In accepting your ruling, I say, with respect, that as a member of the House I am prevented from doing a certain act, namely, to direct a question to the Minister of Consumer and Corporate Affairs having to do with a statement the minister made outside the House. The only time I can ask for unanimous consent of the House to direct that kind of question to the minister is at the end of the question period, which would mean, of course, that the opportunity would arise during the next question period, which would be on Monday.

Therefore, in accordance with your ruling, I now ask whether there is unanimous consent of the House to allow me to direct a question to the Minister of Consumer and Corporate Affairs in the next question period in regard to the statement he made outside the House about the RCMP withholding information from him.

Mr. Speaker: I do not want to appear to be obstructing an effort on the part of the House, but the difficulty that we are in is that we have to recognize some procedure whereby members can seek unanimous consent of the House to do something. If a member rises on a point of order to seek unanimous consent of the House for something to be done, then if that is to be permitted—which is an extraordinary thing—and if a member says he wants to do something which seems to be prevented by the rules of the House, we would have to set aside the rules in such circumstances. The rules of the House themselves might be changed, but I think it would be dangerous if we started to do that.

Usually, in a situation like that, a member will get up in the House and, rather than changing the rules of the House, he or a minister would say he wanted to do something or say something to the House which would require the unanimous consent of the House, and he would so ask. If he did not get unanimous consent, then it could not be done. It seems to me that to permit one member to ask for unanimous consent to compel another member to do something would be to extend the practice somewhat. Before I would ever do that, I should like to reserve the matter and explore it further to see whether I might put that question a little later.

Is the hon. member for Victoria rising on the same point of order?

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, it is a very rare occasion when I get into these legal arguments about the business of the House. But I should like to point out to Your Honour, with respect, that if the government had any inclination to solve this problem and enable the Minister of Consumer and Corporate Afffairs to speak in the House, then the government need only do what it did today, namely, have the Solicitor General stay out of the House and have the Minister of Consumer and Corporate Affairs as acting solicitor general in the House, in the same fashion as the Minister of National Health and Welfare was out of the House today and the previous minister of health and welfare was able to answer questions about his performance in that portfolio.

Mr. Speaker: Order, please. I will take all of these imaginative suggestions into consideration to see whether there are any questions I can put to the House on Monday.

Mr. Clark: Mr. Speaker, just one last point. There is a very simple way to resolve the problem before the House, and that would be for the Minister of Consumer and Corporate Affairs himself to have the courage to get up and to ask for the unanimous consent of the House—which I can tell him we in our party would be delighted to extend to him—to make a statement on motions next Monday so he will have the opportunity in the House of Commons to make the accusations which he made against the Royal Canadian Mounted Police outside the House. That, sir, would resolve your dilemma, it would resolve the dilemma before the House, and I am sure it would meet the desire of any courageous minister—

Some hon. Members: Order.

Mr. Clark: —who is prepared to say things outside the House, to say those same things inside the House. I would simply ask the Minister of Consumer and Corporate Afffairs to come to the aid of his colleagues here, to help Canadians know what it is that he is saying—

Mr. Speaker: Order, please. It seems to me that we have drifted a little from the procedural point into some aspects of substance. I think we should get back to our regular practice at this time.

* * *

● (1222)

COMBINES INVESTIGATION ACT AND BANK ACT

MEASURE TO PROVIDE FOR INVESTIGATION OF COMBINES, MONOPOLIES, TRUSTS AND MERGERS

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved for leave to introduce Bill C-13, to amend the Combines Investigation Act and to amend the Bank Act and other acts in relation thereto or in consequence thereof.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, questions Nos. 133, 220, 221, 222, 310, 311, 312 and 408 will be answered today.

I ask, Mr. Speaker, that the other questions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

[*Text*]

CANADAIR CL-600 CHALLENGER PROGRAM

Question No. 133—**Mr. McKinnon:**

As of October 1, 1977, what amount has been received as deposits for orders of the "Challenger" business jet to be produced by Canadair?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): As of October 1, 1977, $19.8 million had been received by Canadair as deposits on orders for the CL-600 Challenger business jet aircraft. An additional $1.5 million has accrued through October 31, 1977 for a total of $20.95 million. A further $8—10 million is expected from major customers by year's end.

NUMBER OF PERSONS UNDER CONTRACT TO FISHERIES PRICES SUPPORT BOARD

Question No. 220—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Fisheries Prices Support Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. None.

2. Not applicable.

FOREIGN INVESTMENT REVIEW AGENCY PERSONNEL

Question No. 221—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Foreign Investment Review Agency and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. Nil.

2. (a) Nil. (b) $2100, the whole amount being to a retired public servant.

FRESHWATER FISH MARKETING CORPORATION PERSONNEL UNDER CONTRACT

Question No. 222—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Freshwater Fish Marketing Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. None

2. Not applicable.

FISHERIES PRICES SUPPORT BOARD PERSONNEL

Question No. 310—**Mr. McKenzie:**

1. Has the Fisheries Prices Support Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Fisheries Prices Support Board in (i) 1975 (ii) 1976?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. (a) No. (b) No.

2. Not applicable.

3. (a) Not applicable. (b) Not applicable. (c) Not applicable.

FOREIGN INVESTMENT REVIEW AGENCY PERSONNEL

Question No. 311—**Mr. McKenzie:**

1. Has the Foreign Investment Review Agency obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Foreign Investment Review Agency in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Foreign Investment Review Agency is concerned: 1. (a) No for (i), (ii), (iii), (iv), (vi), (vii), (viii), (ix), (x). (v) 59 employees were engaged from private employment agencies, for varying periods of time in 1975, and 40 in 1976. (b) No.

2. Main Estimates.

3. Ontario: (a) 1975, $5.91; 1976, $6.63; (b) Not available. (c) 1975, $32,124.43; 1976, $31,707.79.

FRESHWATER FISH MARKETING CORPORATION—EMPLOYMENT AGENCIES

Question No. 312—**Mr. McKenzie:**

1. Has the Freshwater Fish Marketing Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Freshwater Fish Marketing Board in (i) 1975 (ii) 1976?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. (a) No. (b) No.

2. Not applicable.

3. (a) Not applicable. (b) Not applicable. (c) Not applicable.

CBC—PERSONS UNDER CONTRACT TO ST. CLAIR RIVER BROADCASTING LTD.

Question No. 408—**Mr. McKenzie:**

1. What is the total number of persons under contract to St. Clair River Broadcasting Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): I am informed by the CBC as follows: 1. None.

2. Not applicable.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Thursday, November 17, consideration of the motion of Mr. Chrétien that Bill C-11, to amend to statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I am pleased, of course, to have an opportunity to speak on Bill C-11 and convey to the House some of the views I have and those which were expressed to me during the parliamentary recess we recently completed. I want, initially, to support my colleague, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), on his very sincere remarks of last evening in which he requested the Minister of Finance (Mr. Chrétien) to take a look at the projected use of the social insurance number.

As some members may know, I had a particular experience with a social insurance number as a result of an application made to me by a constituent to assist him. I am concerned that the Department of Finance is going to extend the use of the social insurance number. I find insurance companies now asking that their clients supply them with their social insurance number otherwise they will not handle the RRSP and other documents. This whole matter of the use of the social insurance number is going beyond its original intent.

A constituent of mine who was about 22 years of age at the time, a student at university, told me of an unbelievable horror

story all centred around the social insurance number. He told me his wallet had been stolen. In the wallet he had his social insurance card, driver's licence and birth certificate. The individual who stole the wallet assumed the student's identity by reason of those three documents. He took employment in my constituent's name. He accumulated earnings in my constituent's name, to the extent that when the income tax year ended and my constituent filed his return, as is normal, he was contacted by the Department of National Revenue and told he had not contributed sufficient money; he had not declared all his income because the T-4 slips supplied by such and such an employer had his name, address and social insurance number on them. As a result of this, he was required for a period of two to three years to pay income tax on income he did not, in fact, earn.

In addition to this, the young man was subjected to other types of serious embarrassment. He had his driver's licence suspended, which was no fault of his. The individual using his name bounced cheques across the country and, in fact, used his card as a means of identification. He stole a car, using the young man's name, and was sent to prison. The young man ended up having a prison record, the RCMP had a file on him, and it all evolved around the social insurance number. The identifying item was the number.

I looked into the matter and established, first of all, the fact that his wallet had been stolen. I confirmed that with the local police. I then took him before a notary and had him swear a statement that the evidence he had given me was true. Then I began working from there. However, I was amazed at the difficulty we had getting this matter sorted out. I wanted to have a new social insurance number issued to this man, but it just could not be done. I was told it would take a change in the act to issue a new social insurance number. In fact, when we went to the chief of the central records of Manpower and Immigration, explaining all the details, that it was all on the record and files of the various departments I had contacted, he told me it would not be possible to issue a new social insurance number and the only way this matter could be handled was if my constituent changed his name. Can you imagine that? Can you really imagine a family gathering, where the mother says "This is Tom Jones, this is Bill Jones, this is Harry Jones, but this is Bob Smith"—all because he does not comply with some government regulation.

An hon. Member: He cannot change his SIN.

Mr. Kempling: This experience had all the aspects of Big Brother. The extension in use of the social insurance number frightens me. After about eighteen months, when we finally settled this matter, the Deputy Minister of Manpower and Immigration came to my office and we discussed the question of the social insurance number. He said that it was not to be used as a means of identification. The deputy minister told me that he had gone to a department store in Ottawa and tried to pay for some merchandise with a cheque. The clerk asked him for his social insurance number. The deputy minister replies, "No, it is not a means of identification."

What frightens people is that we have a program set up for social purposes, using it as an identification number, which is going to be suddenly stretched into another area. I was in Montreal the other day attending a conference where we were discussing the new Combines Investigation Act which was introduced in the House just today. A question was asked about the seizure of records by the authorities of the combines investigation branch. We already have wire-tapping legislation. Are we likely to see, in the near future, amendments to the wire-tapping legislation allowing the combines investigation people, aside from seizing our records, to tap our telephones? This is the sort of uncertainty which is brought about by the use of the social insurance number by other departments.

● (1232)

I should like to refer to some other things which happened to this young man whose card was misused. The chap who used his name and identity travelled through the United States committing fraud. He was brought to justice by the state police in Texas. At that time, he revealed to the police the fact that it was not his real name and he was using fraudulent documents. Those documents were taken from him in Texas.

After being released, he returned to Canada. He went to the closest post office and picked up an application form for a replacement card, filled it out, and received a replacement card in the mail. He did that, as well, with the driver's licence and birth certificate. After obtaining these replacements, he started all over once again. He was eventually found in Woodstock, where he had worked at a gasoline station. Actually, I found him in jail because he was charged with a fraudulent act. What was amazing about this case is that nobody on the government side was prepared to do anything about it.

The Minister of National Revenue did not know whether he was responsible, even though the victim was being asked to pay taxes on money he did not earn. The Minister of Justice indicated that it was not his problem. The Solicitor General said that he did not know what he could do about it, but would look into it. I never heard back from him. The young man is a victim of circumstances, because a criminal record will follow him which does not belong to him. We attempted to have that record cancelled. The RCMP argued about this—

An hon. Member: Don't attack the RCMP.

Mr. Kempling: The Minister of Consumer and Corporate Affairs brought a fingerprint card to my office and asked if I could arrange to have my constituent fingerprinted.

An hon. Member: A do-it-yourself program.

Mr. Kempling: That is right, it was a do-it-yourself program. Can the situation be imagined? The police had a file on an innocent man indicating that he had stolen cards, bounced cheques across Canada and had several fraud charges against him. They had a file on this man which contained the man's name, address, social insurance number and a set of fingerprints which did not belong to him. The fingerprints belonged to the real culprit, and that is how we sorted it out.

I received more co-operation from the RCMP than I did from any other department I dealt with. I asked the RCMP to look into this matter and to run a comparison between the name, social insurance number and fingerprints. Lo and behold, the force indicated that the fingerprints on the file did not belong to the innocent party. Because the culprit had a criminal record for stealing a car, I was able to follow up his fingerprints and arrive at his name. Finally, it was all sorted out. The difficulty we were faced with was getting this criminal record cancelled. Eventually, we were able to get it wiped out.

Most of our provinces have legislation which allows you to look into the credit records of individuals. What concerned my constituent, after this matter was sorted out, was that private credit reporting agencies would have criminal records and other fraudulent charges shown against his name for offences which he did not commit. As the hon. member for Qu'Appelle-Moose Mountain indicated, I hope the minister will take this matter under advice, and at the time we are considering this bill clause by clause I hope he will bring forth an amendment to section 5(2), (3), (4) of the Income Tax Act and not allow an extension of the use of social insurance numbers into other programs.

I should like to quote the following from the privacy and computers report to the Department of Communications:

> Two major new income security programs will, if introduced, extend the use of the social insurance number. The Family Income Security Plan (FISP) will, since the cheques will be payable to mothers, require the registration of those mothers wishing to benefit. Proposed old age security legislation will also require the use of a social insurance number. The scale of benefits from both programs will be income-related, and it is expected that stated income will be confirmed by the Department of National Revenue.
>
> It is possible that a *de facto* personal identification number will develop in Canada, either through an ever-widening use of the Social Insurance Number (despite its limitations) or indirectly through credit card and bank account numbers. However, it is important to ensure that a single identifying number should not be adopted in Canada, directly or indirectly, without a full examination and public debate of its merits and consequences.

This is the crux of what we are concerned about. If these changes are made, there will not be enough time to debate them. As the hon. member for Qu'Appelle-Moose Mountain indicated yesterday, the change was slipped into a piece of legislation last year. It was disguised in very legalized terms so that the members who were under the hammer of closure did not really have an opportunity to examine it very quickly. It was contained in the legislation and subsequently the bill passed. Fortunately, the whip of our party, the hon. member for Edmonton Centre (Mr. Paproski) said "On division", because he spotted the matter and realized we should not pass it, thus indicating that we supported the government on this particular measure.

If, in fact, it is the intention of the government to bring in a single identifying number for all Canadians, the matter should be brought forth and debated in the House in order for all of us to express our views on it. I am very much upset about the way we seem to be trapped by more and more regulations

which in fact have the force of statutes. The people enforcing them are not responsible to parliament. Of course, the difficulty we face in this matter is that most of the legislation which is brought in indicates, in the preamble, that the governor in council shall attach regulations thereto upon proclamation. Further down in the legislation it is usually indicated that the governor in council may change regulations from time to time as required. Therein lies the problem. We are being regulated more and more, which is costly.

A representative of Bell Canada appeared before a committee last year and informed us that it cost the company $15 million annually to comply with government regulations. Also, we were told that the fastest growing division of Bell Canada was their legal department, because of the massive amount of government regulations which have to be dealt with. Members of parliament have a responsibility to do what they can in order to attain some measure of control over the imposition of regulations on society, and placing in the hands of bureaucrats powers beyond those of the Parliament of Canada.

Having said those things, I should like to turn again to discussing some of the aspects of Bill C-11. I do not intend to get into the details of the bill, because we will be studying it clause by clause, but I want to dwell briefly on the insurance aspect. In its wisdom, the government has seen fit to move away from one portion of the insurance adjustments recorded in the budget speech of last March. When it came to light that it was the intention of the government to tax insurance policies upon the death of an individual, we were, obviously, quite upset.

● (1242)

What particularly upset me was the fact that the government was going to deem that a person had cashed in a policy before in fact dying. In other words, an insurance policy was going to pay a beneficiary a certain sum of money, but in its desire to collect revenue from that policy, the government was going to say that something was done which really was not. The government was going to deem that that policy was cashed in, so that it could collect some taxation on it. At that point I said to my colleagues that I hoped one of the insurance companies would have the courage to test that in the courts, because I do not think any government should be able to deem that something was done which was not done.

Mr. Douglas (Nanaimo-Cowichan-The Islands): They cannot deem you are dead.

Mr. Kempling: Perhaps they can deem that you are back to life. These fellows will try anything. However, it seems to me that that would be a very unfair way of trying to sneak away with some revenue. When we looked into it, we found that the insurance companies could not have cared less. It was not going to affect them one bit. It was going to affect policyholders, but it was also going to affect dramatically insurance agents who sell insurance, because they sold policies in good faith and would have to go back to their clients to tell them that the policies were going to be taxed.

[Mr. Kempling.]

We asked some officials about this. They could not even tell us how much revenue they would get from the tax. I suppose like many other hon. members, I prepared a little article for the newspaper castigating the government for this terrible deed. I encouraged my constituents to write to the minister asking him to withdraw, and to send me copies of their letters. I received literally hundreds of letters on this matter. I have spoken about it on many occasions. I assume hon. members from both sides of the House have been put under pressure and the government has yielded and withdrawn that feature of the legislation for reason.

However, one thing I am concerned about is that the government still insists on not allowing interest on loans which are taken against insurance polices to be a deductible expense. This is unfortunate. Many small businessmen, particularly those in the retail trade, use their ability to borrow on their insurance to help them in the conduct of their businesses. Many small retailers have a great deal of difficulty obtaining financing. Some of them do not have a very broad financial foundation upon which to base their businesses. They have to keep a large variety of merchandise in order to survive, and many of them have to buy ahead for, for example, Christmas.

They have difficulty getting financing at banks because most of them are in rented premises. Some of them have leased fixtures and some of their inventories are on consignment, so they use their ability to borrow from insurance companies against their insurance policies. I think it is a step backwards to tax these loans. It is rather ironic that if you want to buy a Canada Savings Bond you can go to one of our chartered banks, borrow money from the bank to buy the bond, and deduct the interest charges as an expense; but if you go to an insurance company to borrow $1,000 against an insurance policy, you find that the interest cost cannot be deducted from your income. When we get to clause by clause study, many hon. members will speak about this and, hopefully, we will be able to get the government to yield on that point as well.

Another thing I want to deal with is the whole matter of confidence in the government and in the economy. I am a businessman; I have worked for large and small businesses. I am still involved in a business. Because of those facts, when I am in my constituency or travelling around the country, people in business contact me and tell me about their problems. I am really upset about the number of businessmen who are not sure they are going to make it through the year. Some of them have told me they will be surprised if they survive through the spring of 1978.

That is a deplorable situation. Part of this is due to the competitive nature of business, and part is due to the inability to get adequate financing in order to operate businesses. Many businessmen are looking at their earned surplus accounts and calculating how long it will be before those earned surplus accounts are down to zero and they begin to eat into their capital funds.

As I see it, the difficulty is that the government of this country for the past ten years has spent more time dividing up the nation's wealth than it has in concerning itself with

productivity. It is quite evident to anyone involved in any manufacturing process, or in any business at all, that if productivity had remained static over the centuries, man would never have emerged from the Stone Age. The only time we make any social progress at all is when we have a gain in productivity. We just cannot have a social gain unless there is an accompanying, equal gain in productivity.

The government employs more than 2,000 economists, I am told, and I understand that the Department of Energy, Mines and Resources has more than the Department of Finance. That may be explained away by saying that the quality is a little higher in the Department of Finance than it is in the Department of Energy, Mines and Resources.

Increases in productivity result from many factors. We hear people saying that Canada is far down the list with regard to productivity. They look at the OECD scale and see that we are tenth or eleventh behind a number of what we might call emerging countries, in some instances. However, there are many factors involved in productivity: capital, the quality of labour, the quality of organization and management, transportation, taxation, regulations and competition policy. All those factors are present when we consider productivity. If a business has difficulty getting capital and has to pay a high price for the capital it uses, whether it be working capital or investment capital, then that is going to be reflected in its productivity equation. When we look at this factor alone, we find that in the area of manufactured products, last year we had a trade deficit of about $10 billion.

● (1252)

The best information I have been able to obtain so far is that the estimate is there will be a trade deficit of $11.5 billion. If that deficit were in balance—in other words, if we did not have a trade deficit on manufactured products—we would be employing about 800,000 more people, which is about the number of people unemployed give or take 100,000.

I have talked to a great number of people in the manufacturing trade who asked what is going on in GATT. They want to know what we are doing at the GATT conferences. I would particularly appreciate it if the minister would take note of these remarks regarding GATT. When the hon. member for Rosedale (Mr. Macdonald) occupied the finance portfolio, I asked him about the GATT negotiations. His reply was not very complimentary, and I will not repeat it. It is in *Hansard*. I am not very pleased with what he said. The fact is that most people in the manufacturing trade do not know what is going on at GATT. Many have told me they are afraid they are going to wake up one morning and find they are no longer in business, that the tariffs that protected them have been taken away or altered to such an extent that they can no longer compete.

It is not a happy feeling to have invested in plant and machinery and to have expertise in marketing, and then find you are no longer able to compete because of imported products. The minister has talked about our trade deficit and balance of payments problems. There are two ways to alleviate your balance of payment problem: one is to export more, and the other is to manufacture domestically more of the things you are going to consume. In other words, you export less.

There are two ways to attack that problem. We always seem to be talking about exporting more. Every time we do that, we seem to import more. No efforts have been made, that are evident anywhere, to establish a sound, solid, secondary industrial base in this country. In fact, a succession of ministers, in the years I have been in this House, have even questioned whether we can establish a sound secondary industrial base in Canada. Of course, it goes without saying that if we do not have this, we are certainly not going to be able to employ the growing number of people we have in this country. Therein lies another frustration.

In the few minutes left, I must tell a final story about a constituent of mine whom I met in my riding when I was home last week. He is a stationary engineer, in his fifties—around the age where if you become unemployed, it is difficult to get a job. Although people say they do not discriminate on the basis of age, in fact they do.

This man was ill for about a year, he had recovered and was having difficulty finding employment. He went to the Manpower office and saw a job listed there for a dishwasher. He asked the counsellor where the job was located, so that he could apply for it, because he just had to have something to do. The official said my constituent should fill out a form. The first question was, "Do you have any experience?" He replied, "I have been married for 37 years." That did not matter; they wanted to know if he had any professional experience in washing dishes, otherwise they would not recommend him for the job.

It all seemed rather silly. He asked if there was a training course to show him how to wash dishes, but there was not. He went home and looked in the yellow pages of the telephone book, under the "restaurants" section, and finally found the restaurant that was advertising for a dishwasher. He applied for the job and got it. That whole situation is a pretty sad state of affairs.

Mr. Speaker, when we get to clause by clause consideration of this bill, I shall participate in the debate. At that time I intend to raise several points of controversy in the legislation. With your permission may I call it one o'clock, Mr. Speaker?

The Acting Speaker (Mr. Ethier): Is it agreed that we call it one o'clock? If it is not agreed to call it one o'clock, I have another speaker, the hon. member for Winnipeg North (Mr. Orlikow).

Mr. David Orlikow (Winnipeg North): Mr. Speaker, this country is facing the most serious crisis it has faced in peacetime since the early 1930s. Last month, on a seasonally adjusted basis, 886,000 people were unemployed—over 100,000 more than in October, 1976.

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

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Orlikow: Mr. Speaker, this country is facing the greatest crisis in unemployment which it has seen since before World War II and since, as we call them, the hungry, dirty thirties. The situation has been accelerating over the last two or three years. For each month of this year we have had substantially more unemployment in this country than we had for the same month last year. Also, in every month in 1976 there were more unemployed than in the same months of 1975.

In October of this year we had 886,000 people unemployed, compared to 769,000 in October, 1976. In other words, Mr. Speaker, we had more than 100,000 more unemployed in October, 1977, than we had in October, 1976. The rate of unemployment, on a seasonally adjusted basis, grew from 7.4 per cent in October, 1976, to 8.3 per cent in October, 1977—an increase of almost 100,000. Here we have a Liberal government, with the Prime Minister (Mr. Trudeau) and minister of Finance (Mr. Chrétien) who come from the province of Quebec. Both of them have been telling the people of Canada and the people of Quebec what a disaster the whole idea of the separation of Quebec would be for the people of Quebec. If one looks at Quebec's unemployment figures for October, 1977, we see there were 283,000 people unemployed, compared to 234,000 in October, 1976—an increase of almost 50,000.

● (1412)

The seasonally adjusted rate of unemployment in Quebec grew from 10.1 per cent in October, 1976, to 11.4 per cent in October 1977. If one looks at the rate of unemployment among young people aged 24, he will find that in October there were 383,000 unemployed in that age group—almost 50 per cent of the total unemployed. In Quebec, the percentage of young people unemployed is somewhere between 14 and 16 per cent. The Minister of Finance can do nothing more to promote the feeling of separatism than to permit this completely unacceptable rate of unemployment to continue. How can one expect the young people of Quebec to support a country—Canada—in which they cannot find jobs, when they have the best education this country has ever been able to offer? Is this a temporary situation? The Minister of Finance is quoted in the October 7 *Globe and Mail* as follows:

> Canada's unemployment rate will not go down in the next year and a half because the economy will not grow fast enough . . . real gross national product increases of 2 per cent this year and between 4 and 5 per cent next year will increase employment but not enough to make a major impact on the rate of unemployment.

When the former minister of finance delivered his address in the spring of this year, he predicted an increase of 4 per cent, plus, in the gross national product. Of course, the increase has only been half that amount. The reason for that wrong estimate is that finance ministers have consistently been given incorrect information by their senior advisers in the department. If the Minister of Finance wants to begin trimming the fat off the public service, he should start with the senior people in his department. They have been giving ministers of finance incorrect information for the past four or five years. The minister admitted that unemployment would not decrease and, in fact, could well increase in the next year or so. He was merely repeating some of the forecasts made by all economists with the exception of those made in the minister's department.

On October 25 the Toronto *Globe and Mail* reported the views of the chairman of the Ontario Economic Council, Professor Grant Reuber, who said:

> Ontario probably will have high unemployment and inflation and slow economic growth during the next ten years—

That opinion is not surprising. That situation has been vividly brought to our attention as a result of the ruthless lay-offs by the International Nickel Company at Sudbury, Thompson, Manitoba, and Port Colborne, Ontario. This will mean a loss of about 4,000 jobs within the next few months. Sudbury will lose 2,800 jobs, Thompson 650, and Port Colborne 375. In Sudbury the payroll will decrease by over $40 million if the cutback lasts for a whole year. In Thompson there will be a loss of about $10 million in wages, and in Port Colborne about $4½ million. In Sudbury, where there is really no other industry, the workers will lose over $40 million in wages. Between $12 million and $15 million of those earnings would have gone to federal, provincial and municipal governments through taxes.

In addition, the workers would have spent money on food, housing, automobiles, stoves, refrigerators, television sets, and so on. That loss does not just mean a reduction of $40 million in wages. The Canadian people will have to pay approximately $560,000 a week—close to $30 million—in unemployment insurance. Therefore, the loss will be almost twice the $40 million figure. Not only will those who have been laid off suffer, but so will the small business people in Sudbury, Thompson and Port Colborne whose livelihoods depend on purchases by Inco workers.

That is not the end of the losses. Last summer Inco hired about 1,100 students, and the summer before they hired about 1,400. Those students, who depend to a large extent on work in the mines in Sudbury in order to continue their education, will in all likelihood not be able to continue unless the federal and provincial governments increase sharply their loans and student aid grants. However, that is very unlikely.

We are not talking about a poor corporation but one of the most powerful in this country. I want to put on record what the federal government and the Ontario provincial government have done for this company which in one fell swoop is laying off almost 4,000 people. From 1967 to 1976, Inco's profits totalled $1.7 billion. This multinational corporation owes the people of Canada $368.9 million in deferred federal taxes. As far as I am concerned, that is an interest-free loan to International Nickel.

This money was used to develop sources of nickel which will be sold in Guatemala and Indonesia. The money used to build these companies was obtained from Canadian workers. It has

helped to destroy Canadian jobs. The federal tax credit on machinery and buildings have saved Inco $17½ million in profits. The provincial sales tax exemption which became effective in April, 1975, saved Inco approximately $25 million in the two years, 1975 and 1976. The federal Export Development Corporation has loaned Inco $70 million to help finance its ventures in Guatemala.

● (1422)

The interest rate is kept a secret, but we know it is below the commercial rate: it is probably below 6 per cent. Inco pays its workers in Guatemala $6 a day, and in Indonesia the workers are paid $6 a week, so it is not surprising the corporation would try to develop its nickel production in other countries to avoid paying wages which workers have been able to persuade or force the company to pay here in Canada. Inco benefited further through fast write-off provisions to the extent of some $48 million in 1976. Yet the government proposes to continue to make tax concessions to corporations which will cost the people of Canada $1.2 billion this year.

The lay-offs at Inco are not an isolated case: Falconbridge has announced lay-offs; Noranda has announced lay-offs. It is estimated that in the coming year up to 20,000 people will be laid off in the mining industry in Canada. I would remind hon. members that this is a section of the economy which since the end of the Second World War has received concession after concession to persuade corporations, mainly multinational in character, to invest money in Canada. We have had very little thanks in return from these corporations, which are not interested in providing jobs in Canada as much as they are interested in making profits. As is evident now, they realize it is easier to make profits outside Canada than inside.

Perhaps the most serious aspect of the unemployment situation is the high rate of unemployment among our youth. Almost 50 per cent of our unemployed at the present time are in the age group 15 to 24, despite the fact that we have spent increasing amounts of money year after year to keep our young people in school, to persuade them that, having finished high school, they should go on to trade schools, community colleges or universities. The prospects for our young people are distinctly gloomy. The jobless rate for those of university age, 20 to 24, was 10.8 per cent, and for those between 15 and 19—in other words, for those leaving high school—it was 19.2 per cent.

I do not think I can be as graphic in describing the plight of the young unemployed as was the Minister of Employment and Immigration (Mr. Cullen) who the other day gave a striking illustration before a conference on youth employment sponsored by the Canadian Council on Social Welfare. He reported that in response to an advertisement for someone to fill a vacancy as a warehouse foreman, 45 applicants came forward seven of whom held Master's degrees in business administration. Could there be a more compelling comment on our failure to deal with unemployment than the fact that seven people who spent five or six years after high school getting a university education should find the job situation so bad that they would be willing to take work as a warehouse foreman?

What is the position presently taken by the Minister of Finance? I suggest the minister is completely at a loss as to what to do. The *Globe and Mail* of October 24 carried a short summary of comments and suggestions made by the minister during the preceding weekend. I should like to refer to just two paragraphs from that story to show how confused the minister must be. The dateline is "Ottawa, CP Special," and the first paragraph begins, "Canadians should spend more and save less."

In other words we are in trouble because instead of going out and buying products made in Canada, which would then need to be replaced, thus stimulating the manufacturing sector, Canadians are putting too much of their money into savings accounts in banks or credit unions, or buying government bonds, and so on. A few paragraphs later, in the same story, the Minister of Finance is quoted as follows:

The Canadian worker must lower his expectations and start living within his means.

If I understand anything about living within one's means, the implication is that one must live strictly within one's budget, avoid purchasing goods on credit where possible, and so on. It seems to me the minister is telling people they should not spend everything they make, that they should not buy things on credit, and that they should save money.

Mr. Speaker, he cannot have it both ways: he cannot be right when he says both, that we are saving too much and that we are living beyond our expectations. It appears to me that the minister and his advisers have not really thought out their policies. The Economic Council of Canada issued its annual report a few days ago. I would remind hon. members that the Economic Council was set up by the government of Canada to study the economic situation, to present an annual report and to give advice on the state of the union and on what we should do to make things better.

I would remind hon. members, further, that originally, when the Economic Council was set up, it included representatives from labour, from agriculture, from industry, from the universities, and so on. Some time ago the labour members resigned from the council because of dissatisfaction with the government's anti-inflation program. So this year's report has been made by a council on which there are no labour members, no small "l" liberals, no people who are on the left.

I will just read a few of the names into the record so that members may confirm what I am saying: Ian Andrew Barcley, chairman and chief executive officer of British Columbia Forest Products Limited; S. Robert Blair, president and chief executive officer, Alberta Gas Trunk Line Company; J. A. Brown, dean of agriculture, University of Saskatchewan; Roy Fraser Elliott, Q.C., partner in Stikeman, Elliott, Robarts and Bowman, Toronto; James A. McCambly, building and construction trades department, Ottawa; A. M. Runciman, president, United Grain Growers Limited, Winnipeg. I can attest to the fact that Mr. Runciman is not a very radical person, and I know I am being conservative in saying that.

● (1432)

What did the Economic Council propose this year, faced as we are with almost one million people unemployed and the prospect of an increase in the unemployment rate? Let me summarize a few of the proposals made by the Economic Council. They recommend permanent personal income tax cuts of $2 billion, which would be the equivalent of an 8 per cent to 10 per cent reduction in the personal income tax rate and would provide ongoing stimulus to consumer purchasing power equivalent to about $200 per taxpayer per year.

In its analysis of policy options, the council applied a flat 8.3 per cent reduction of taxes across the board and a 25 per cent reduction of the rates paid by the people in the lowest income brackets. This sounds very familiar to me, Mr. Speaker, because the New Democratic Party has been proposing personal income tax cuts, particularly for people in the lower income brackets, for a number of years. According to the Economic Council, a cut of this rate would increase real growth in Canada by about one percentage point in 1978 and would reduce the unemployment rate to 7.7 per cent from the 8 per cent which would otherwise occur. I want hon. members to remember that the 8 per cent which they and others predict, or the 7.7 per cent which the council says will be the unemployment rate if we cut taxes by $2 billion, would still leave Canada with the highest rate of unemployment of any of the western industrial countries of the world.

The $2 billion cut in personal income taxes would be shared, $1.3 billion by the federal government and $700 million by the provinces. The council also believes that provincial sales taxes are an area where cuts could be made, and recommends that the provinces cut their provincial sales taxes by at least one percentage point, except on items such as gasoline, alcohol and cigarettes. A one percentage point cut would mean a tax reduction of about $300 million on the part of the provinces, according to the council. Those are the recommendations of the Economic Council, not a very radical organization. It is a council the members of which, and also the senior staff, have been appointed by the government.

What was the reaction of the Minister of Finance to the advice that was given to him by the Economic Council? Let me read from the Winnipeg *Free Press* for November 10. I read from the *Free Press* because I would not want the minister to say he was misquoted or misinterpreted by the hon. member for Winnipeg North. This is what Paul Whitelaw, staff correspondent of the Winnipeg *Free Press,* says in an article headed "Tax cut plan irresponsible, Chrétien says":

> Finance minister Jean Chrétien says the proposal by the Economic Council of Canada for $2 billion in personal income tax cuts is irresponsible.
>
> Chrétien told the Commons Tuesday that "to borrow another $2 billion at this time in an attempt to buy our way out of the economic difficulties we are in would not be responsible.
>
> It is not my belief that irresponsible action on the part of the minister of finance would be of any good to the nation."

It is obvious that the Minister of Finance has rejected the advice of the Economic Council. The acting chairman of the Economic Council, Mr. George Post, in commenting on the minister's mini-budget speech of October 20, has said it will barely prevent the current high unemployment rate from increasing further. The answer of the minister is that Mr. Post and the Economic Council are being irresponsible.

What the Council said, Mr. Speaker, was that without the stimulus of the kind of tax cuts they are proposing, the economy will grow by only 4.3 per cent a year over the next five years; inflation will average 7.1 per cent; unemployment will average 8.2 per cent. Even with the new tax cuts, this dismal picture will not change much. A $2 billion income tax cut and a $1 billion provincial sales tax cut would produce average growth of 4.7 per cent, keep inflation at 7.2 per cent and reduce unemployment to 7.6 per cent. In other words, what the council is proposing is that we trade a small increase in inflation for a drop in the unemployment rate of about 1 per cent. As I say, the minister is not prepared to take the advice of the Economic Council. We can judge what advice he is getting from people in his finance department by the action which he takes, but we cannot know precisely what they say.

However, Mr. Speaker, we do know what another of his principal advisers has recommended. The Governor of the Bank of Canada, Mr. Bouey, made a speech to the Calgary Chamber of Commerce which was reported in the *Globe and Mail* for Saturday, September 17, and I should like to summarize a couple of the points he made. He said that Canada should not attempt to solve its unemployment problem with policies that would involve any risk of a higher inflation rate. We know that the Minister of Finance and the Prime Minister are taking that advice because they still consider inflation a much more serious problem than unemployment. Mr. Bouey went on to say that the inescapable conclusion is that if we want to achieve and sustain high levels of output and high employment, we really have no alternative but to grapple with inflation and with the inflationary practices that keep it going.

That sounds very familiar, Mr. Speaker, for have we not heard the Prime Minister say that we have to wrestle inflation to the ground? Mr. Bouey went on to emphasize his belief that the persistence of high inflationary expectations in Canada is a "serious obstacle" in the way of better economic performance. He closed his address with this admonition:

> Now, considerable caution must be exercised in introducing expansionary measures to stimulate output and employment for fear that such action will give fresh impetus to inflationary expectations and behaviour.

In other words, we are back to the advice of the Minister of Finance that we should not have too great expectations. Every day when I leave this chamber and return to my residence I cannot help but see the glass tower, the office building which is being completed for use by the Bank of Canada. I am told that the cost of this very modernistic and expensive building is between $50 million and $75 million, so I have to assume that what the Governor of the Bank of Canada is saying to the people of Canada is, "Do as I say, not as I do". That, of course, is the attitude we always have on the part of those who have toward those who have not.

Mr. Johnston: What's the heating bill going to be?

Mr. Orlikow: That we can discuss on another occasion. What does one million unemployed mean, in terms of the Canadian economy, Mr. Speaker? A very good economic consultant, Arthur Donner, who writes regularly in the Toronto *Globe and Mail,* made the following estimate which appeared in his column on August 17:

● (1442)

The accumulated real gnp and employment losses since 1973 are staggering. At constant 1971 prices, the production losses are estimated at $25.5 billion between 1974 and 1976, and assuming the real growth trends projected for 1977 and 1978, this gap rises in the range of an extra $11.5 billion. To place this figure in perspective, this represents about 42 per cent of the real economic activity in 1976.

These are billions of dollars which could, and should, have been produced but which will not be produced. They represent hundreds of thousands of jobs which could, and should, be available to Canadian workers. What is the approach of this government in dealing with this unemployment problem? Its approach is a further continuation and expansion of tax concessions to corporations and investors as outlined in the budget the former minister of finance brought down last March 31.

We heard a number of members on the government side challenge the NDP, especially the members who have spoken before me, regarding our figures and ask where we got the $1.2 billion or the $1,245 million. We got the figure from the budget papers prepared and tabled by the then minister of finance. Let me put them on the record categorically, to show where that money will go: tax relief in respect of business inventories, $300 million; federal investment tax credits, $485 million; enhanced depletion for high cost oil and gas wells, $20 million; increased dividend tax credits, $120 million; increase in limits for capital loss, $45 million; inclusion of capital gains on Canadian securities, $10 million; other corporate and investor tax concessions, $100 million, with the loss in provincial revenues related to the above, $165 million—or a total of $1,245 million.

It has been our argument that it makes no sense at all to try to stimulate investment in Canadian business and industry when industry is now operating at only just above 80 per cent capacity. In other words, industry is not using its existing investment in plant capacity, and no businessman is going to invest in increased and improved production facilities when he is using just over 80 per cent of his present capacity. The time to invest in improved and increased facilities is when industry is working flat out, at full capacity.

The record is clear that the kind of tax concessions the government is proposing for this year, those included in the budget bills which are, and will be, before us, are the same as those the government has tried in each of the last half-dozen years or more. The fact is that we now have over 8 per cent unemployment, or almost twice as much unemployment, in every province in Canada as we had when the Prime Minister took over that position in 1968. That is what we have accomplished with the kind of tax policies the present government has been implementing in the last eight or ten years.

We have consistently suggested there are two ways to reduce unemployment, or two ways to prevent the unemployed carrying the burden of the economic mismanagement to which they have been subjected by this government. As I indicated earlier, the first way is through tax cuts such as those proposed by the Economic Council of Canada, that is, tax cuts on personal income, with the greatest being in respect of people in the lowest income brackets. In addition to these tax cuts we have suggested a system of tax credits which would put purchasing power in the hands of the people who need it the most, that is, the 25 per cent to 30 per cent of Canadians whose income is so low that they pay no income tax at all. That is one way we could deal with the problem of unemployment. The way to get people working in this country is for the government to get into a serious and well thought-out and planned program of public works.

As I listened to the Prime Minister and the Minister of Finance during their recent expositions of the situation we are in and what we ought to do, I could not help but close my eyes and imagine somehow that R. B. Bennett and Mackenzie King had returned to Canada. What the Prime Minister and the Minister of Finance are saying this year about dealing with unemployment and getting the economy moving is precisely the same kind of economic nonsense R. B. Bennett uttered when he was prime minister of Canada in—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but his allotted time has expired. He may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, when the minister introduced this bill for second reading on November 7, he said the purpose was twofold: first, to implement amendments to the Income Tax Act as announced in his mini-budget, economic statement, or whatever else you choose to call it, as well as those mentioned by the former minister of finance, the hon. member for Rosedale (Mr. Macdonald), in his March 31 budget; and, second, to increase government borrowing authority.

It seems passing strange to me that when we are called upon to debate measures introduced or suggested back in March, the Minister of Finance (Mr. Chrétien) should suggest we deal expeditiously with them because of the beneficial results that will accrue from the implementation of such proposals. If they are so important now, they must have been important back then and the government has been remiss in not moving forward with the legislation in order to implement the proposals at a much earlier date.

We in the opposition have a number of serious reservations about the government's attempt to bootleg a proposal to increase its borrowing authority by means of an income tax bill. This appears to me to be a trick that has been used on other occasions. That is, whenever the government wants a

measure pushed through the House of Commons to which it feels there will be serious opposition, it attaches that measure to some other more attractive proposals in an endeavour to ensure that support for those measures will outweigh opposition to the objectionable ones.

● (1452)

That is precisely what has happened with this measure to increase the government's borrowing authority. It is objectionable to most members of this House, yet it has been placed in the same bill with certain other, long delayed provisions which industry and business have been promised since March 31, along with tax cuts for low income earners. The government hopes this will ensure the passage of the entire legislation.

I need not refer to the fact that we on this side of the House are dismayed by what the government has attempted to do regarding income tax amendments. My colleagues have pointed out very eloquently the shortcomings of the government in many areas over the last few days. Yet I am compelled to refer to some areas where I feel the government has failed Canadians. The sad thing is that so much could be done to effect solutions to our national problems, yet so little has been done.

In reply to questions concerning our economy, government spokesmen have stated there is a serious unemployment situation, a high rate of inflation and many other problems. They stated there is little the government can do. Also, we have been advised that possibly things will become worse before getting better. Yet members of the government criticize the opposition for not making constructive suggestions on how to deal with these problems. A great many important proposals have been made by the official opposition. We believe there are many areas where improvements can be made for our economy, but the government would rather muddle along than accept and implement the proposals made from this side of the House.

I should like to deal with something which would have a beneficial effect upon the needs of Canadians, would increase their purchasing power, would inspire confidence and promote consumption. I am referring to the transportation system. Two years ago last July we debated a measure to increase the excise tax on a gallon of gasoline by ten cents. At that time we pointed out that a hardship would be imposed upon Canadians during a time of high inflation.

Many members felt that the provision would not save even a gallon of gasoline but simply would be another burden Canadians would have to bear. I was happy to hear the hon. member for Parry Sound-Muskoka (Mr. Darling) making reference to this particular tax and suggesting that it should be reduced to three cents per gallon. I would go one step farther than that and suggest it should be eliminated altogether.

It is a rather shocking experience to drive up to gas pumps in Ottawa and see, out of a gallon of regular gasoline which sells for 83 cents to 93 cents a gallon, that the government receives approximately 61 per cent. Out of the 83 cents to 93 cents a dealer receives for a gallon of gasoline, he is able to keep only, on the average, eight cents to ten cents. This is appalling. It is not the cost of gasoline which is so out of line; it is the decision of governments to impose further burdens of taxation upon those who require to use their automobiles in order to carry on their daily activities, commuting back and forth to work and meeting their day to day obligations.

[Mr. Patterson.]

My suggestion is very straightforward and it would help to lower the rate of inflation. I would ask the minister to take this into consideration as he looks at suggestions which have been made. We are told we must move over to rapid mass transportation, but we find in this important area the government has been negligent and delinquent in even meeting the commitments has it made from time to time regarding the matter of urban transportation and a rapid transit system. Right now it does not pay to take public transportation systems; they are expensive, slow, uncomfortable and inconvenient. The automobile is still the cheapest, most reliable and most convenient method of transportation. Until the government sees fit to move in the direction of providing adequate alternate systems, then Canadians should be entitled to maintain their automobiles and operate them at a reasonable rate.

I hope the chairman of the Canadian Transport Commission wins out in his struggle with the Minister of Transport (Mr. Lang) and the vested interests of this country over advance airline charters. This could do wonders for the transportation system in Canada and be a real boon to the consumers of the country.

I should like to refer to another area which is a national problem, and that is with regard to the matter of housing. In the November, 1974, budget the then minister of finance, Mr. Turner, finally saw some light and partially removed the sales tax on building materials. Members of my party knew that this was not adequate. The government saw a little light, but did not proceed too far with it. The result has been that those who desire to construct their own homes are still faced with inordinately high cost because of the continuing tax on building materials.

If the minister reduced the federal sales tax to zero, that is, cut it by 5 per cent, it would mean a saving of some $500 to home buyers. This would have a tremendous effect on the housing market and on the amount of disposable income for Canadians. I should like to refer to a recent press release which reads as follows:

> Progressive Conservative consumer affairs critic, James McGrath, and finance critic, Sinclair Stevens, today called upon the federal government to implement an immediate cut in the federal 12 per cent manufacturing sales tax in order to reduce inflation and create jobs.

This proposal has been made time and time again. It has been reiterated by my colleagues, and I would like to add my voice to it. I am sure a great many members in this House have added their voices to this request and will continue to do so. I agree with the comments of the hon. member for Parry Sound-Muskoka who so very eloquently set out our proposals regarding the deductibility of property taxes from personal income tax. There is little being done by this government, and the minister should take this suggestion into consideration.

Also, consideration should be given to allowing interest paid on residential mortgages, up to a certain limit, to be made

deductible for income tax purposes. Another matter which is an absolutely ridiculous proposal is the suggestion to make home insulation grants taxable. This is a situation where the government loudly claims their generosity in providing grants for people to insulate their homes in order to conserve energy and then it is made taxable. This is irresponsible and incomprehensible. The minister should take that suggestion under advisement.

We welcome the paltry cuts in personal income taxes announced by the minister. There should be considerably more. After all, this tax will not do much to meet the high cost of living and encourage consumers to purchase goods that are available. The Economic Council of Canada recommended a $2 billion tax cut.

● (1502)

It was very interesting to listen to the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) last night when he challenged the government to cut taxes in various areas. That would promote productivity and create jobs. Additional purchasing power left in the hands of consumers would go a long way toward encouraging production and business expansion, thus opening new job opportunities for thousands of Canadians presently unemployed. Lack of confidence on the part of business and industry, as pointed out by the Economic Council of Canada, is one of the major problems we face at the present time.

I would like now to turn to one of the proposals made in the intervention of the Minister of Finance in this debate, regarding amendments to the Income Tax Act as they relate to the sale and the acquisition of farms and/or commercial businesses. As far as they go these amendments are certainly welcome. This has been a matter of grave concern in the agricultural community for many years, and these provisions will do much to assist that industry and to improve its position economically and contribute still further to the productivity of the nation.

Out in the area which I have the honour to represent this will have very beneficial effects upon our agricultural community; I know it will in other parts of the country, and it certainly will in the area I represent. Although there are still clarifications to be made and there are still various matters to be cleared up, I believe the principle will be welcomed by the people concerned.

Likewise, the business community welcomes the amendments but suggests that an extension of the provisions should be considered. In a letter to the Minister of Finance a company in my constituency acknowledged the appreciation of the business community with respect to this measure, but also made some recommendations. It recommended that the proposal be extended to defer from capital gains taxes all moneys received as a result of the disposal of land, buildings, equipment or other assets by a taxable corporation if the following conditions are met: where these funds are used to acquire assets to be employed for the purpose of earning taxable income or where the funds are expended within a certain period of time from the date of sales, possibly a year, or it could be shortened or extended at the discretion of the minister.

It was pointed out that these additional changes will have a beneficial effect. They will provide a shot in the arm for the economy. They will enable individuals or companies to dispose of non-producing assets and acquire additional earning capacity which would enhance the federal tax base. They will be a short-term incentive to corporations, and so forth.

While we welcome these proposed changes, I suggest that there is still a long way to go. There are many additional moves which can be taken in order to make these provisions more acceptable and more effective in meeting the needs of the agricultural community as well as of the business community across our country.

A number of those participating in this debate have commented on the provisions with respect to life insurance benefits. Here again, while appreciating the announced intention of the government to introduce $10,000 deduction from the total taxable portion of all life insurance policies, the fact remains that even the amended provisions leave the government in the unenviable position of taxing moneys left by deceased persons to assist widows—or widowers, as the case may be—and dependants, on the occasion of the most shattering and trying time of their lives.

There have been various communications which point out that it is amazing that any government would come to the point where it would embark on a proposition like this, where it would tax the benefits which assist individuals at the time of their greatest need. I was talking to a friend of mine who is in the insurance business, and he said he has never yet come across a case where the beneficiary had more than enough money to meet expenses and to meet immediate needs following the death of the breadwinner. I have certainly never come across anyone who fits into that category either, and I doubt very much whether the minister or any members of the cabinet have ever come across such a situation. So I say I do not believe that Canadians want their government to act in such a callous and insensitive manner, or to impose a tax upon these benefits.

With regard to policy loans the minister proposes that proceeds of a policy loan be treated as a benefit paid under the policy. Here again, it seems to be a very strange proposal to make. It is an irrational and unacceptable proposal which deprives individuals of the opportunity to meet emergencies.

Perhaps the government would rather force those with modest incomes to fall into the arms of loan sharks. That is what it is doing when it closes the door to the possibility of loans from insurance companies. That door has traditionally been open to policyholders in times of need. The proposal that interest be taxable in the event a loan is obtained, but if the policy is used as collateral for a bank loan it is deductible, is another proposal which is completely irrational. I suggest that the whole package as it relates to taxation on life insurance benefits should be scrapped because those affected are the ones

most in need of assistance at the most trying times of their lives.

Commenting on this particular proposal regarding taxation, one individual raised a question as to whether it is the intention of the government to tax widows and orphans to the point of further dependence on our social welfare system. This is something which should be considered. People will have to live and get by somehow, and by imposing this tax individuals might be forced to the point of having to go on to welfare because the government is taxing away that which has been provided by breadwinners for those who survive.

One lady placed herself in the potential position of being a widow in society, and she said she could not understand how a government could even propose such a tax with any semblance of a clear conscience. Whether it is conceivable or not, that is what the government is doing, and we certainly hope the minister will consider the situation and accede to some of the recommendations which are being made in this respect.

● (1512)

There is another objective, as the minister pointed out when introducing these amendments, and that is to expand the government's borrowing authority by approximately another $10 billion. This is a suggestion that will cause tremendous protest across the country. At a time when the economy is in a most precarious situation, at a time when Canada is facing problems of catastrophic proportions, at a time when the economy is in the doldrums, the minister requests that the government's borrowing power be expanded by another $10 billion.

An article in the Vancouver *Sun* on November 8, by Dave Smith, entitled "Economy Labelled 'Ottawa Priority'" had this to say:

> Marc Lalonde, the federal cabinet minister responsible for federal-provincial relations, said Monday that Ottawa's first priority for attention is the economy, not Quebec.
>
> Lalonde said the economic outlook was fairly gloomy, but he said that the government would not try to "spend our way out" of the current situation.

Two amazing thoughts are represented here. It is a change in viewpoint of the minister, and certainly of the Prime Minister (Mr. Trudeau) when they finally get around to acknowledging that the major problem in Canada is the economy. Maybe there is hope now that something will be done but, as my colleague says, it will remain a problem as long as the Grits are in office. I think that should be a real incentive for people to make a change next time around, and I believe that they will.

What amazes me is that the minister said they will not try to spend their way out of the mess, and yet they ask for additional borrowing power. What is the government doing? If we look at the figures, there is a tremendous increase in the budget. Over the last ten years federal government spending has quadrupled. It took about 100 years for the government to reach a budget level of approximately $10 billion in 1967, a figure doubled in the following three years, and doubled again in the next four years to a total of $42 billion last year. The present estimate is about $46 billion. If the government has not been trying to spend its way out, what has it been doing, and what is it doing with all that money?

The national debt stands at over $40 billion, I believe, requiring finance charges of over $5 billion, and yet the minister said they are not trying to spend their way out of this serious predicament. The deficits are estimated at over $9 billion in this one year, and now the demand comes for expanded borrowing authority. I do not know just how much the country can stand, Mr. Speaker.

In a speech in Victoria on June 2, 1977, the Leader of the Opposition (Mr. Clark) said:

> The federal government's borrowing requirements have now become one of the major forces in driving other domestic borrowers to foreign capital markets—and this drives up our total foreign indebtedness as a nation. Canada now has the dubious distinction of being the world's largest borrower of international capital. Servicing that foreign debt now costs us more than two billion dollars a year—more than $300 for each Canadian taxpayer—and more than one per cent of the Gross National Product. Should our foreign debt servicing requirements reach two per cent of the Gross National Product, we could well be beyond the point of no return—where foreign debt servicing alone would become a chronic and debilitating drain on our international payments.

One of the provisions in this bill covers a request for borrowing authority to an additional $10 billion, and this in spite of high unemployment, Mr. Speaker, which we have to recognize as a very real fact. Some people say it is not as bad as it looks, but it certainly looks bad. Figures from the Maritimes demonstrate that and in British Columbia it was 8.5 per cent for October compared to 7.3 per cent a month ago. Indeed in British Columbia it has rarely fallen below 9 per cent in the nine years the Prime Minister has held power. Unemployment rose from 98,000 last month to 99,000 this month, and for those under age 25 it is 14.8 per cent.

I have received many letters from young people endeavouring to find jobs, and from older people, some professionals, endeavouring to find remunerative and gainful employment in order to make their contribution to society as well as providing for their own needs. Yet month after month, year after year, there is an ever increasing rate of unemployment across the nation. There are also regional disparities that have been brought to our attention.

I should like to deal now with one of the problems facing businessmen in British Columbia and in the Fraser Valley. Many processing industries will close very soon if something is not done to bring a measure of justice and compensation to them. I know it is desirable that industries in certain parts of the country should receive assistance in establishing operations, and I am not complaining about that. We find these industries under-selling in the markets that people in my province have been serving for years, however, and this is a major problem.

● (1522)

Because of the lower rates of labour in some parts of Canada, because of the completely unjust and inequitable freight rates, and because of other situations that exist, businesses in my area are going to be forced to close their doors.

Mr. Speaker, I suggest that is not fair; it is unjust and it is not desirable because if there are those who are going to be able to produce and transport their products at a lower price than the cost of production in my area, then there must be some government intervention and compensation to assist the companies in my area to survive.

I am not complaining about those that have received assistance to meet needs elsewhere, but I am complaining about the fact that there is no compensation for those in my area that will have to bear the brunt and perhaps close their doors, lay-off their workers, and do goodness knows what else. I suggest that the minister, in considering all these situations, give consideration on the basis of justice to the matters which I have brought to their attention. This is not only true in the agricultural industries, it is true in other industries as well. I brought this to the attention of the government on a previous occasion.

When other secondary industries are finding it impossible to compete in the markets, on the prairies and central Canada, because of the unfair transportation rates existing at the present time, even though the government has said time and time again that it is going to do something about it, it has not done so, and the injustice continues to exist.

We have the continuing high interest rates; we have the shrinking dollar. What amazes me in the face of all these problems confronting the Canadian people is the increasing burden of taxation, national debt and interest charges, and all the rest. The government is going merrily on its way spending more and more of the taxpayer's dollars. I am not going to say it is all wasted or squandered, I am going to say this, however, that a great deal of it is unwise, unnecessary, and it is high time this government and the Minister of Finance came to their senses and looked realistically at the problems confronting the nation. If they do not do this, we will face greater and greater problems in the future than we have up to the present time, and everybody knows that they are bad enough now. According to the spokesman of the government party we can expect them to get worse as the days come and go.

The ministers state—they continue to throw it across the House—that the opposition are not making any suggestions as to what can be done and how to solve the basic problems. But I say, Mr. Speaker, that if they had been listening to the speeches made by my leader, and by my colleagues through these past months, there is plenty of grist there to keep their mills going a long time. If these suggestions and recommendations were adopted and if implemented, they would find a great many of the problems would be solved.

In order to assist in the building up of the economy in the production of jobs, we have suggested that there should be, as I pointed out before, a substantial cut in the federal sales tax on certain products. Sometimes the people of the country do not realize just how much is being charged in the form of taxes. They look at a product and they say, "Surely it doesn't cost that much to produce this thing", not realizing the high rate of tax which is applied on that product. Not only that, but on the various levels—below the manufacturer's level there are others that add a tax, so there is tax upon tax upon tax until a great deal of the dollar is spent not on the product, but in tax paid on the product. Therefore, we suggest there should be a substantial cut in the federal sales tax on certain products. This would assist in the development of our economy, and produce job opportunities for our people.

Another proposal was that there should be restraint in the growth of the government and in government expenditures. I do not have to go back over what I have said before, it has been said so many times in the House now. The government has said that it is going to maintain strict restraints in the carrying out of its functions and in the spending of the taxpayer's money. But the people of Canada are looking in vain for any indication that the government is exercising any restraint in any respect as far as government expenditures are concerned. No matter how much is said about it, no matter how much or how loudly it is trumpeted by the spokesman of the government that they are exercising restraint—by their fruits shall ye know them—and when we look at the records that are before us we cannot see where restraint is being carried out in any respect whatsoever.

There are many other suggestions that have been made. A government formed by the Progressive Conservative party would move in the direction of providing additional incentives to assist the small business community to grow, develop, and provide the services and goods required by the Canadian people.

The Acting Speaker (Mr. Ethier): Order, please, I regret to interrupt the hon. member, but his time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, this amendment to the so-called budget that was introduced last spring leaves a great deal to be desired. Yesterday I raised a question in the House in respect of the possibility of there being a committee of the House meet with the negotiators who are going to discuss and advise in respect of what is possible and what is good for the agricultural industry, particularly as it relates to horticultural products. I sincerely hope we receive from the Minister of Finance (Mr. Chrétien) a positive answer on that question. It is my understanding that it could be very beneficial, and that farming organizations and the Canadian Horticultural Council are quite prepared to exchange information, make recommendations, and to give strength to the negotiators who are going to try to improve the basic business climate in Canada, but particularly as it relates to the horticultural industry.

There were recommendations made to the Tariff Board which was asked in 1973 to study the requirements of the horticultural industry and its processed products, and report to the government. Yesterday part two of that report became available to those interested in agriculture. It reached my desk last night. Four years after the initial reference to the Tariff

Board, the rationalization of their recommendations, in a book of several hundred pages, ends up on a member's desk at the time the Canadian negotiators are supposed to have tabled their basis for negotiation at GATT. That is like this government in many ways. Once again it has closed the door after the horse has been stolen. Perhaps one might say it has closed the door in the face of a very important industry in this country.

● (1532)

There have already been representations made to government. There has been no publicity on these recommendations but they have been firm, meaningful, and based on the economic requirements of the agricultural industry.

This government has been very generous in its international trade negotiations as it dealt away agricultural security in Canada on behalf of who knows what. I guess I am being repetitive for the fifth year in a row in this House. I make no apology. There has been no acknowledgment of the significance of agriculture to our economy in this budget, in a mini-budget, in a real budget, or in any legislation that the government has introduced since I have had the privilege of sitting in this House.

Perhaps the Minister of Finance, the Minister of Industry, Trade and Commerce (Mr. Horner), or some other minister of government might be interested to note that a headline in a paper this week stated that agricultural implement purchases were down by $1 billion in 1976 and it is anticipated they will be down by more than that in 1977. That represents a lot of jobs to those in the industrial part of Canada.

This ought to ring a bell with some of those who have plants in their constituencies which produce agricultural machinery. However, it seems to fall on completely deaf ears. I mention that because it relates to the tremendous effect that the agricultural industry has upon the total economy of Canada.

I challenge the Minister of Finance, or any of his predecessors or successors, to deny the fact that as you follow the curve of Canadian prosperity in general, you may have a six months lag or six months lead time, but it is basically parallel to the agricultural income that our farmers enjoy.

When our farmers have a declining income, our national economy declines. You can predict the one by the other. Any minister of finance who cannot recognize this when he is submitting a budget is doing a great disservice to the nation. Any minister of finance who allows negotiators to influence him on reductions in duty which one budget after another have introduced into this country, is really defeating himself as he introduces his budget. When will this consumer oriented government begin to protect consumers, workers, and farmers as a total society in this country, by concrete and constructive measures on behalf of all three, because they are a parallel in need and in trend?

Again let me say a billion dollars of agricultural implement expenditures represents a lot of work, a lot of income tax, a lot of revenue, and it contributes to society.

[Mr. McCain.]

I have not read this tariff report which reached my desk yesterday. I just did not have time to read hundreds of pages and intelligently report on it. However, from information provided to me before the report was on my desk, I can tell hon. members what is needed, in addition to what is recommended in that report.

The first thing the Government of Canada should do before negotiating, yielding, or giving anything further in the field of agriculture is examine the tariff walls of our GATT partners as they relate to agriculture and fish products.

The duties that are levied against products going from Canada to the United States are much higher than virtually all of the duties levied by Canada on agricultural products coming north from the United States. There is a number one comparison. If we want to put agricultural products into the European Economic Community, there has to be a famine of a particular product before we can reach their market. The form of the Economic Community strangled agricultural trade between the North American market, both the United States and Canada, and the European Economic Community, saving only those items which they could not produce for themselves or those items which may, in a particular year, be short in their markets, as were potatoes last year and as apples will be this year. I submit there will be some regulation made whereby in the case of a shortage of apples in the European Economic Community, North America can supply them with what they require in a year of scarcity, but only in terms of scarcity.

Let us examine something else. Again I am being repetitive because we are at the door of GATT negotiations. I mentioned these last spring when I spoke in this House. I mention them again. I hope the minister will take note.

Our partners in GATT have built-in protections for industries which are damaged. In the United States it is by legislation. Any tariff structure which may be established is protected by that, with a clause which disallows American negotiators to permit an influx of a product to damage that industry in the United States. That applies whether it be wool, potatoes, apples or any agricultural product, or virtually any other product produced in the United States.

We have not provided our negotiators or our country with a comfortable safeguard. We are protected only by Section 19 of our agreement with GATT. It states that if we do impose something, and we may impose additional duty on a particular product, we in turn must give concessions on another product. Therefore we rob Peter to pay Paul every time we close the door on a particular product which is hurting our industry in Canada.

As we go to GATT this year we could by all means give them the legislative strength so that our trading partners may understand we want and need and will take part of their production, but we do not want and will not take any of their production which is going to be detrimental to our agricultural structure.

Some hon. Members: Hear, hear!

Mr. McCain: That means legislative protection to back up our negotiators before they leave our shores. If we are to consider agriculture as an important industry, and it is; if we are to consider the treatment which was extended to the textile industry, and I support that; if we consider the support that is being requested for the boot and shoe industry, and they should get some protection; and if we are prepared to protect tens of thousands of jobs in a particular sector of our economy by negotiations with other nations, we are morally compelled to recognize the need of the agricultural industry.

There are tens of thousands of families living on farms, tens of thousands of employees working on farms, and uncounted thousands of people producing the products they produce. We are not looking at the farmer alone. We are looking at the multiplier effect, the purchase of machinery, the processing of food, the transportation of food, the whole item which can contribute to our economy. That is what we are looking at.

● (1542)

Rural and city members have supported the protection of other industries. Agricultural insterests must be protected, and we beseech the city men to move this consumer-oriented group on Your Honour's right to recognize that there are other items besides textiles and boots and shoes which need protection. Those two industries may be in the constituencies of some of those who sit on your right, Mr. Speaker, but so are the farmers. I would support protection for those splinter industries which are in difficulties in this country. I point out again that the hearings which were held to inquire into these matters heard the presentations made to them and outlined the facts.

Consider, for example, the nature of the protection which is presently offered. Unfortunately Canada chose at one point in time to levy specific duties on agricultural products arriving in this country. They ranged from half a cent to 2 cents a pound representing, then, from 15 to 20 per cent ad valorem. At the time they were imposed, these duties provided an excellent level of protection. Our competitors, on the other hand, were wiser. They applied an ad valorem duty to products arriving on their market from Canada. The effect of this is that the amount of duty rises in proportion to the price of the product, and protection is increased accordingly. But what is the average effect today of a specific duty amounting to so many cents a pound? Some estimate that it is as low as .9 per cent. Others estimate that it averages as high as 3.5 per cent. Whatever the actual figure, when it is compared with the ad valorem duties imposed by our competitors it is virtually ineffectual, and it is becoming less and less effective every year as production costs increase.

It seems to me it is useless to make this speech, Mr. Speaker, because for five years I have been trying to deliver this message. For the last 20 years others have been trying unsuccessfully to get it across. I wish to quote in a general way the then minister of agriculture when he spoke to the Canadian Horticultural Council about six years ago. His statement was, in effect: the government of Canada has adopted a cheap food policy; you are not going to get help; you are not going to get protection; if it becomes too hot, get out of the kitchen. That was his closing phrase. Mr. Speaker, it has got too hot in too many instances. Take the example of tomatoes.

About the date that speech was made in 1971 Canada imported 41 million pounds of canned tomatoes—I am rounding off these figures. After that policy had been in effect for six years Canada was importing 96 million pounds of tomatoes. That represents a twofold increase of tomato importation over that period. Well, it got too hot in Canada and some of the producers got out. Our importation of tomato paste went up by six million pounds in the same period, and our importation of juice by two million pounds. Altogether, there was an increase of roughly 56 million pounds in tomato imports consequent upon the fact that this industry in Canada has been denuded of protection. Total imports did not double, but they still hurt.

Go back a little further, to 1962. You will find, Mr. Speaker, that total imports of tomato products amounted to 40 million pounds. In 1976 the total was 151 million pounds. That represents an increase of 375 per cent in tomato products imports during the period this cheap food policy has been in effect. That policy has continued under the present Minister of Agriculture (Mr. Whelan) and it is regrettable that this should be the case.

Earlier on I read a large number of figures into the record, but I propose to read them again because we are reaching the gate of the GATT meetings and we must press for consideration and protection. At the present time we are paying altogether too much for tomato products because the level of production on the North American continent is down. Because the Canadian industry has been depressed due to unfair competition from other parts of the world, the number of growers producing tomatoes here has been declining almost on an annual basis.

What has science done to help the industry? In 1949 the average crop yield per acre was 5.84 tons. In 1969-70, the average yield was 17.54 tons. By the use of scientific methods now available to them, growers have trebled the yield per acre. They have been able to maintain part of the industry but they are capable of maintaining another 10,000-12,000 acres, which would mean another 7,000 to 12,000 jobs, and in their presentation have committed themselves to doing so at reasonable prices competitive with those of other major suppliers.

This, Mr. Speaker, is the result of the cheap food policy. I wish some of the hon. members opposite could understand that when Canada becomes dependent on foreign sources for its food requirements those same sources are going to take us for more than they should; they will take us for more than the Canadian farmer would get for producing the product at home, and it is being penny wise and pound foolish to open the door to the United States for strawberries, or to Taiwan for mushrooms, and so on. Agriculture has never asked that it should have the benefit of 100 per cent of the market. But it has asked that it be allowed to retain its historic position.

Agriculture has accounted for $1.3 billion in trade surpluses. It is, therefore, an industry worthy of protection, particularly

in view of the fact that the manufacturing industry, as has been stated over and over in this debate, is in a $10 billion deficit position. Agriculture remains one of the few areas where by hard work, endurance and suffering we are able to trade with foreign nations which have a surplus. But the consumer has to pay more for tomatoes than he would have to pay had these tomatoes been Canadian.

● (1552)

Now, Sir, what kind of competition do we have? We need exactly the same type of law—and we need to negotiate successfully to get it—as the one I outlined as existing in the United States. If we do not get exactly the same thing, then we must negotiate without penalty for a position in which the Government of Canada can impose a surtax on imported products which are obviously being dumped, perhaps at a price below cost of production or the price obtained on the market of the country of origin. Perhaps this is done in search of hard currency, which is the basis for the price of many products which are arriving in Canada. A nation needs an element of hard currency.

The Canadian market will take mushrooms, tomatoes, peaches, to name a few products, so that you do not have to hit very hard in order to get by our duties. But having done that, there is no mechanism which can be put in place to protect the Canadian producer and his crop within the crop year in which the product is being imported, and that is the problem. Our mechanism is too slow. We have to contract with our GATT partners for a mechanism which can work immediately. The hon. member who represents the Kelowna district has told the House time and time again what happens to cherries, and the same thing happens to tomatoes, potatoes, and vegetables. It happens all across the board.

According to this recommendation, the potato industry will have a duty of 10 per cent on frozen products and 12 per cent on other processed products. These are considerably below the former levels and substantially below the levels the industry sought. There are some good things about it. For instance, the rate on potato starch is increased, and there is an outside possibility that this will be of assistance.

When the government was approached 10 years ago to give protection to the potato starch industry, potato starch plants were in operation in Canada. Although an increase in duty on potato starch might bring about capital investment, create jobs, and establish a potato starch industry in Canada, like many of the things the government has done, it is too late. The starch plants in eastern Canada are now closed because they were given no protection. There was no surtax, no emergent measure to protect the Canadian market from the flow of European starches as they arrived well below the cost of production in Canada, putting our potato starch plants out of business.

The Horticultural Council of Canada and the potato processors go on to say in their brief that these duties are far below their recommended tariffs for potato processed products. It is virtually impossible to get them into other countries. Our potato processing industry built branch plants and has sent its expertise around the world. Having developed one market after another, our Commonwealth and GATT partners found a vehicle to exclude our processed products from their markets. Consequently, our expertise and our jobs have stayed abroad where they are producing potato products around the world.

Let me now turn to frozen vegetables in general. The Canadian Horticultural Council, in discussing this question with agricultural officials, declared that the new classifications are logical, the specified rates basically acceptable, but again the nop rates are the lowest. They include peas, beans, corn, carrots and mixed vegetables. The rates are far below the level suggested by the agricultural industry to the Tariff Board.

I ask hon. members of the House to stop and think how many of them have peas, beans, corn, carrots or mixed vegetable growers in their constituencies. From coast to coast in Canada, Mr. Speaker, you find virtually every province has one of these industries which are being eroded by competition.

Another very significant duty is that which is levied on fruit juices. We do not have a lot of juice products produced in Canada, but we do have two major items of importance, apple juice and tomato juice. When a housewife goes into a store and finds grapefuit juice, orange juice or any other comparable juice cheaper than apple or tomato juice, it has been proven beyond question of doubt that juices shipped to our market at unreasonably low prices erode our own market for tomato and apple juice. I say the level of duty should be higher than that recommended by the Tariff Board, yet the rate is reduced to 12½ per cent. The Canadian Horticultural Council recommended that the rate should be 20 per cent. I think the committee I asked for in my question yesterday is very badly needed.

There is no change recommended in regard to vegetable sauces, so everything is fine there. The recommended rate on vegetable soups, etc., is 12½ per cent compared to the current rate of 17½ per cent. In other words, the Tariff Board is recommending a reduction.

I believe it is time to adjourn this debate, Mr. Speaker, so may I call it four o'clock?

Mr. Deputy Speaker: Order. It being four o'clock p.m. the House will now proceed to the consideration of private members' business, as listed on today's order paper, namely notices of motions, public bills, private bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. Reid: Mr. Speaker, I rise on a point of order. There has been some consultation among members and there might be permission given to revert to private members' public bills for the purpose of discharging a number of private members'

public bills which are the subject of pornography and obscenity, and sending the subject matter of such bills to committee. If there is consent, I would move, seconded by the hon. member for St. John's East (Mr. McGrath):

That Bills C-206, C-207, C-241, C-318, C-325, C-348, C-399, C-400 and C-402 be discharged and the subject matter thereof referred to the Standing Committee on Justice and Legal Affairs.

Mr. Paproski: That is so agreed, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): We also agree to this motion.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I suggest that unanimous consent be sought the next time we talk about public bills, likely next Tuesday, when we shall probably be able to give our consent, but I cannot make any commitment today since I have not been consulted on this matter.

● (1602)

[*English*]

Mr. Blaker: Mr. Speaker, I wonder if I might also raise a point in this connection. If the parliamentary secretary to the House leader intends to seek consent to move this bill on Tuesday I should point out that it is my understanding there is another bill on the same subject which unfortunately has not reached the printing stage. I regret that this information was just given me a few minutes ago, but I think I might draw that to the attention to of the hon. member for Kenora-Rainy River (Mr. Reid), so that probably this one might be bundled in with the others that may come forward on Tuesday as well.

Mr. Deputy Speaker: There has been no unanimous consent so I cannot put the motion.

Mr. Peters: There may not be on Tuesday either.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. Deputy Speaker: Order, please. Before calling the order under private members' business I should remind hon. members that last Monday at the beginning of private members' hour, following a point of order that had been raised the previous week by the hon. member for Vaudreuil (Mr. Herbert), I opened the door for a procedural debate to take place at this time or, what I had in mind, the next time the motion would be before us under private members' business, and it is at this time that I intended to invite hon. members' comments. However, I notice that the hon. member concerned, the hon. member for Vaudreuil, is not in the House, and with the House leader for the official opposition not being here at this time, I am wondering whether we should proceed with this important procedural debate which I think might have an implication in respect of the operation of private members' hour. I would invite the comment of hon. members representing the parties.

Mr. McGrath: Mr. Speaker, I would suggest it would be prudent and wise for the House to follow the course suggested by Your Honour and to put this off until the hon. member who raised it in the first instance, as well as some other hon. members who have an interest, are here.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, we will agree to such a postponement, and I hope this time the unanimity will not be spoiled from the government side.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I agree to the postponement, but I want to give notice to the Chair that I intend to take part in this debate and that I would like it to take place when I am present.

[*English*]

Mr. Deputy Speaker: That is the difficulty, actually, because I know that the hon. parliamentary secretary is to be absent Monday and the following Monday, and next Friday the present incumbent in the chair will not be available at four o'clock. In any event, perhaps hon. members can agree on another time that would be appropriate and available during private members' business in order that we might raise this question in the presence of all interested participants. In any case, I am sure hon. members will leave it to the Chair to take the initiative on the matter.

This brings us to another problem which is more or less related to the point of order we were discussing, and that is the order of business for today. The Chair is at the disposal of hon. members.

Mr. Paproski: On that point of order, Mr. Speaker, I think there has been a disposition to allow all other motions to stand, and that we commence this afternoon with motion No. 13, standing in the name of the hon. member for Okanagan Boundary (Mr. Whittaker), concerning the advisability of amending section 88 of the Railway Act.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, without prejudicing our right to discuss the matter at some arranged time, we think we should proceed as has been planned for today.

Mr. Paproski: Perhaps I should add that all other motions should stand at the request of the government.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, in that sense I support the motion moved by the opposition member.

Mr. Deputy Speaker: To satisfy everyone and to protect the Chair, perhaps we could accept the suggestion of the government to let motions Nos. 2, 3, 4, 5, 7, 8, 9, 11 and 13 stand and

ask for unanimous consent when we call motion No. 13 in the name of the hon. member for Okanagan Boundary (Mr. Whittaker), so that everyone will be protected. Is there unanimous consent?

Some hon. Members: Agreed.

[*English*]

Mr. Deputy Speaker: Is this agreed?

Some hon. Members: Agreed.

* * *

RAILWAY ACT

SUGGESTED REVERSION TO CROWN OF RAILWAY RIGHTS-OF-WAY

Mr. G. H. Whittaker (Okanagan Boundary) moved:

That, in the opinion of this House, the government should consider the advisability of amending section 88 of the *Railway Act* to provide for the reversion to the Crown of railway rights-of-way, originally obtained as government subsidies, upon their ceasing to be used for railway purposes pursuant to sections 106, 119 or 254 of that Act.

He said: Mr. Speaker, I am pleased to have the opportunity of presenting my private members' motion, which states:

That, in the opinion of this House, the government should consider the advisability of amending section 88 of the *Railway Act* to provide for the reversion to the Crown of railway rights-of-way, originally obtained as government subsidies, upon their ceasing to be used for railway purposes pursuant to sections 106, 119 or 254 of that Act.

I first became interested in railway abandonment when the CPR made an application some two years ago to the Canadian Transport Commission to abandon a large portion of what is known as the Kettle Valley Railway in my riding. This railway has for many years served as a second rail corridor across British Columbia. Its use has been abandoned for some years now. Rail traffic in British Columbia from east to west has been concentrated on what is known as the main line, and both the CPR and the CNR use a similar route for much of the traffic.

If one looks at a map of British Columbia and studies the very limited corridor being used today for rail traffic, he will quickly see it is very vulnerable in many aspects. This may be all right as long as we have the same road links in existence today. However, road use over the years will be dependent on the same type of energy used today, namely, fossil fuels. Rail lines can be reverted to the use of coal or electric energy that can be generated from other sources than fossil fuels.

I became more interested in rail line abandonment when I realized that at some time in the future, maybe not in my lifetime but certainly in the lifetime of my children and grandchildren, we could very well have to return to rail type transportation. I believe the corridors that have been used for railways are necessary for future transportation in Canada. I come to believe this even more when I look at what could happen in a city such as Penticton, B. C., if the railways are allowed to abandon their responsibilities and sell off the real estate in these corridors.

It is for these reasons I asked questions of the chairman of the Canadian Transportation Commission, Mr. Edgar Benson. The CTC, under Mr. Benson, decides whether rail lines should be abandoned. I asked what would happen to the rights-of-way when abandonment was allowed, during a meeting of the Committee on Transport and Communications, and his answer was as follows:

As I understand the situation, once we rule that a branch line or spur line can be abandoned, we have no control over the land per se, but the railway may deal with it as it may see fit. Sometimes when the railway makes application for abandonment, some one will have indicated to them that they would like to use the land for a specific use and the railway will undertake to make land available for that specific use.

I asked in addition why the Canadian Transportation Commission could not make it a condition that the land revert to the Crown on abandonment, and Mr. Benson's answer was as follows:

You would have to put that into the Railway Act so we would have the authority to do it.

I also questioned the Minister of Transport (Mr. Lang) on this and received similar answers.

● (1612)

In order to pinpoint the situation, I decided to draw up a private member's bill, which I put on the order paper last session. I resubmitted it this session, and it stands on the order paper as Bill C-222. As well, I submitted the resolution we are debating today. It was listed as No. 13, and by some stroke of luck we are debating it now, ahead of so many others.

By another stroke of luck, the Hall Commission report was laid on the table. I was pleased to see that Mr. Justice Hall, in the Hall Commission report on grain handling and railways in western Canada, came to a similar conclusion as far as rail abandonment is concerned.

I should like to refer to pages 104 and 105 of the Hall Commission report, which reads as follows:

Upon abandonment, the roadbed, that part of the property abandoned, represented by land—vested in the provincial Crown for disposition as may be mutually agreed to between the relevant province and municipal authority, the CNR or CPR, whatever the case may be, have entitlement to recover and remove with one exception, such of the improvements to the property, rail, ties, other track material, ballast etc. as may in their judgment be warranted, culverts, the removal of which might alter established draining patterns or have adverse effects, would constitute the sole item of improvements to be left in place by the Prairie Rail Authority.

We anticipate some objection that the property disposition formula we have outlined involves some element of expropriation of railway property without compensation to the railway company. This cannot be a valid objection.

Under sections 106 and 259 of the Railway Act, the railways have a legal obligation to maintain service on all lines until abandonment approval is given. In the case of grain related branch lines, the railways ask to be relieved of these obligations taking the position which we do not agree that they are operating these uneconomic lines at a great loss, even when given the branch line subsidies to which we have referred.

In our view, the railways cannot have it both ways. They cannot secure relief from their financial burdens, as we propose and yet retain an undiluted title to the property "in toto", particularly where as we also propose many elements of

value in the property ultimately to be abandoned are likely to be in the interim enhanced by some degree of rehabilitation involving new investment of funds.

We deem it, therefore, eminently just and equitable that in return for permanent relief from their legal obligation to continue a losing operation and of having to restore the abandoned right-of-way to its former condition, the privilege of being allowed to abandon should be made conditional upon giving up ownership of the land in the right-of-way. A substantial portion of this land is quite valueless in any event. There should be no crying over the return of rights-of-way to the Crown.

That is what the Hall Commission had to say about railway abandonment, and I agree with them 100 per cent.

There are five major reasons why abandoned railway right-of-way property should revert to the Crown, whether it be to the federal or provincial government: first, the selling of these rights-of-way would effectively close transportation corridors that may well be needed in future years; second, the Government of Canada has made monumental concessions to the railways in this country: land and tax benefits were freely given to the railways in return for cross-Canada transportation service, and now when these lines are abandoned the property should revert to the government as partial payment for those early concessions; third, through a CPR subsidy company, Marathon Realty, large sums of money are being made from the roughly one million acres of land still held which was originally granted by the federal government to the CPR; fourth, the Canadian Pacific Railway's original mandate was to provide transportation on an ongoing basis to all parts of Canada and that mandate is no longer followed; and fifth, through abandonment, the railway companies are making large financial gains selling property at the expense of the Canadian people.

In conclusion, I should like to point out once again that the Hall Commission report, compiled at the request of the Minister of Transport, supports my stand on rail abandonment. Railways are no longer only interested in transportation. For instance, the CPR is not merely a railroad company, but a huge conglomerate controlling a number of enterprises ranging from mining to air travel, from logging to pipelines. Also the company has investments in almost all major industries. One only has to look at the television ads to see this.

It is our responsibility to keep these transportation corridors open. It is a responsibility of the government to the people of Canada. We have to prepare the future for our children and grandchildren. I may never see the end of fossil fuels in my lifetime, but my children probably will. The importance of these transportation corridors will be evident then. We have to get ready for the future.

I appeal to the House to pass this resolution which I feel will correct an unfair situation caused by the attitudes taken by the railways on the abandonment of branch lines.

Some hon. Members: Hear, hear!

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I am grateful to my compatriot from British Columbia, the hon. member for Okanagan Boundary (Mr. Whittaker), for introducing this motion, one which has concerned me for many years as a person who lives in the farthest western reaches of Canada.

As he said, the C.P. is no longer a railroad, which is the reason for its existence. In fact the railroad might simply be called a "front" for its exploitation of other interests in this country. The railroad is simply there to further CP's money-making, and I would go so far as to say greed. Like the hon. member, I know the reputation of the railway, specifically the Canadian Pacific, which has taken so much of what should be the property of Canadians. I would rather strongly say it is almost like Scrooge who would clobber Tiny Tim, even after the insight of Christmas future!

I support strongly this motion which could lead the government to amend section 88 of the Railway Act, causing the railway rights-of-way, originally obtained through subsidies, to revert to the Crown when they are no longer in use as a railway and for railway purposes. I would go further than the hon. member and suggest, when they use the lands actively for other purposes, that they also revert to the Crown. The crucial words in this objective are: when they are no longer used for railway purposes.

No doubt in the 1880's it was an undertaking of almost inconceivable magnitude to span this huge land. Even today, with all our technology on land, air, and even in the stratosphere for communication purposes, with jet travel and satellite communication, it is difficult to unite this complex, diverse, huge land mass. It is basic to our present economic health and well-being, and possibly is causing our sociological trauma that we have not as yet succeeded in spanning this land. We have not done it with railways, not with communications, not with air travel. In fact, we are in the midst of fearing a national rupture because we have failed to link this land.

Canada is the second largest country in the world, consisting of 3,851,891 square miles. Our country is almost 4,000 miles across and 3,000 miles from north to south. We know how difficult it is, with a population of only 22 million, to link our country. How much more difficult it must have been in the 1880's in this sparsely populated, harsh, huge, unexplored, and frightening land. There were no great machines and technology then with which to build a railroad, yet a great railroad was built. There was an agreement at that time which, I maintain, as implied in the motion of the hon. member opposite, the CPR failed to live up to. It was an agreement to serve this nation and to give something to this nation in perpetuity.

● (1622)

This motion suggests that following the abandonment of branch line operations after CTC authorization has been obtained, lands originally obtained as a result of government subsidies for the purpose of railway rights-of-way should revert to the Crown. This suggestion runs counter to the Railway Act, but I agree that the Act can be changed.

It is said that this is a very complex problem with which to deal, but dealing with it properly would enrich Canada and solve perhaps even the problem of inflation, which I will explain in a few moments.

I would like to go back to the CPR agreement. The CPR was to provide passenger service to this country in perpetuity. I happened to be on a CPR train on the very day the CPR acted to break this agreement. The service went plastic that day, the people who worked on that train said that the intention was to discourage passenger travel and that the railway would like to enter exclusively into the very lucrative field of freight traffic. We in the west know what freight means. It is very costly. We have always suffered from the discrimination of the railway system and inequitable freight rates.

That day on the train I saw the unilateral ending of the pact. The linen was taken off the tables, and the whole train turned cold. It was a very uncomfortable train, and everybody on that train knew that that was the beginning of the end, at the very time when railway travel could have solved our energy concerns and could have provided effective mass transit throughout this country.

Everyone knows the difficulties involved with that early construction, but the subsidy in the agreement was $25 million, a grant of 25 million acres of land, in alternate sections of 640 acres in a belt 24 miles deep on each side of the railroad. Even then they allowed for deficiencies in the fertile lands which were made up for with extra land. In British Columbia about 3 per cent of our land is said to be arable. B.C. is a rocky part of the country, yet here we gave away so much of that arable land—extra land if it was not arable—to the CPR.

By 1950 the CPR was big diversified business. It has become one of the big businesses to which the Prime Minister (Mr. Trudeau) referred in his Christmas message of 1975 when he said that big business, big government, and big unions were destroying the free market system. These big entities control much of this country, and no government can control them. I suspect if we were ever to implement the motion of the hon. member for Okanagan Boundary we would find that we are not big enough—not as big as the CPR and all its subsidiaries to do a thing.

CPR has developed and exploited our natural resources. There are steamships, telecommunications and hotels. The CPR operates its track. It is into trucking, ships, airlines and piggy-back transportation. The CPR has modern fleets of container ships and pipelines. It is involved with leasing, hotels and real estate. With regard to real estate we in Vancouver know Marathon Realty very well. The CPR is involved with oil and gas, mining and forest products.

The point I really want to make has to do with land. Marathon Realty has exploited the land it received free to its own excessive profits. It is said that almost all of Vancouver was once or is owned by Marathon Realty. That was the free land the railway received from Canada. Today Marathon Realty is building condominiums where once there were golf courses and green spaces. Not one inch of that would Marathon return to the citizens of Vancouver or Canada or to the citizens of the other communities where Marathon now owns land. Marathon is without social conscience. It charged the full price to the city when the city wanted a little strip of green space out of Marathon's developments. This has happened throughout the city and throughout this country. For example, in one condominium development—which is on free land—Marathon charged $56,000 per unit, and I am sure land in Vancouver makes up half or almost half the cost of any real estate development. Within three or four months these units were selling at $83,000, a profit of $27,000. There had been no labour increases. There had been no real inflation in materials, in lumber, etc. yet the prices went up. These same units are said to sell for $110,000 to $132,000 now, only three years later, and not an inch of land has been given back to the community.

That is more than just abandonment. It is use of property for non-railway purposes. The CPR is a railway, and I hope the day will come when there is action to retrieve the land before it has all gone into real estate development. With the housing developments in the west and their charging of unnecessarily high prices—considering the free land—Marathon Realty contributed greatly to inflation in the city of Vancouver. When prices go up to that extent, it is a contributor to inflation.

Mr. Yewchuk: Have you lost your page?

Mrs. Holt: I do not read my speeches. Some of you do.

I want to close with one thought. I had to look for the thought because it is not my own. I have no trouble finding my own thoughts. It is more difficult to find other people's thoughts. Theodore Roosevelt once said that a man who has never gone to school may steal from a freight car—this is appropriate to a railway debate—but if he has a university education, he may steal the whole railroad. A big business like CP can steal the whole land.

This whole country rose up against the Prime Minister and said he was trying to destroy the free enterprise system when he warned in December, 1975, that big business, big unions, and big government were destroying the free market system. They should have said "go to it," because at that time we saw that big business, oil cartels, coffee cartels, Marathon Realty and CPR were manipulating our whole society. That great labour union leader Joe Morris was going to call a national strike to stop the country for a day for his own purposes. We saw that beyond this Chamber, small business was—and is—being controlled and manipulated through big government regulations. We saw all that, and instead of misleading the public on what the Prime Minister was saying, we should have fought together to have all that changed, and stopped the power of the "Bigs". This motion at that time would have been part of the important change which is essential to Canada.

• (1632)

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I wonder if I could ask the consent of the House to go back to a motion I proposed a few minutes ago. I believe I owe the parliamentary secretary an apology, because of all the people in the House he is the only one I forgot to consult.

Mr. Deputy Speaker: Order, please. I do not want to prevent the hon. member from bringing back the motion that he tried to get unanimous consent on before, but I want to make sure that there is complete consultation and that no member has gone out of the House who would not approve it. I will ask whether there is unanimous consent for the hon. member to revert to his motion. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The hon. member has asked permission to suspend the debate temporarily and revert to the consideration of private members' bills.

Mr. Reid: Mr. Speaker, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That Bills C-206, C-207, C-241, C-318, C-325, C-348, C-399, C-400 and C-402 be discharged, and the subject matter thereof be referred to the Standing Committee on Justice and Legal Affairs.

Mr. McCleave: Mr. Speaker, on a point of information, I am advised that these bills do deal with the matter of pornography and I am quite in favour of having them referred to that committee.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we still agree with the motion.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, as hon. members can see, the negotiations have been speeded up and instead of waiting until Tuesday to discuss this important subject, we shall begin this evening.

[*English*]

Mr. Deputy Speaker: Hon. members have heard the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Deputy Speaker: The House will revert to consideration of notice of motion no. 13.

PRIVATE MEMBERS' MOTIONS

[*English*]

RAILWAY ACT

SUGGESTED REVERSION TO CROWN OF RAILWAY RIGHTS-OF-WAY

The House resumed consideration of the motion of the hon. member for Okanagan Boundary (Mr. Whittaker):

That, in the opinion of this House, the government should consider the advisability of amending section 88 of the Railway Act to provide for the reversion to the Crown of railway rights-of-way, originally obtained as government subsidies, upon their ceasing to be used for railway purposes pursuant to sections 106, 119 or 254 of that Act.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, this must be Friday fever. First we have a motion that everyone agrees to, except the parliamentary secretary to the House leader who does not know anything about it and therefore feels obliged to object. If he had talked to his boss or anybody else he might have been better informed, but I guess that has to be done publicly.

In this very special debate we have been treated to the socialistic idea that if a private company does not live up to its obligations we take our largesse away from it. This must be Barrett fever in British Columbia. I can tell those two hon members, whom I consider to be very right-wing members, that I have attended NDP conventions where you could not be assured that this kind of motion would pass without considerable discussion. It was enlightening to listen to the conversion that has taken place, and I hope it lasts for more than a Friday afternoon.

We are certainly very happy to agree to this motion and are of the opinion that it is worth while. We were not only surprised that the two members who have just spoken suggested that abandoned lines should revert to the Crown but that the last speaker went on to say that the Canadian Pacific Railway has abused its position. It was given a great deal of land across the country, and although that land may not have been too valuable at the time, it is now of immense value. That should be given some consideration in terms of its current performance in operating a railway. For both members to indicate that view gives me a great deal of confidence that something will be done about the railways.

I agree entirely with the member who said that when we gave the Grand Trunk Railway and the Canadian Pacific the right to huge tracts of land to be used for a transportation facility across this country to carry passengers and freight, we anticipated that is just what they would do. The mover of this motion indicated they have done it to a degree, but I believe they have done more than that. They have used that money to buy mines and airplanes, they have built airlines and hotels and all those things you see on television. They have husbanded the assets we provided very well, but they have done less well in serving the Canadian public.

As the previous speaker said, they have abused their privileges. Maybe we should not now have linen on the tables and flowers on the tables and silver in the railway dining cars. That

custom grew up in the days of the steamers and passenger trains across the country. Perhaps she is right and those things should have gone. But they did not go as an economy measure, rather as a symbol of their decision to end the whole passenger service and the facility for which we had provided the assets.

Not long ago I made a presentation to the Canadian Transport Commission which was considering whether Canadian National should be allowed to drop its line from Toronto to North Bay. I wholeheartedly supported the proposition to drop the passenger service, and indeed I went further and supported the idea of dropping the line from Toronto to North Bay. The service has been so bad on that line that passengers have given up, but everyone looked askance at me because everyone knew that there had to be rail transportation from North Bay to Toronto. In applying to drop that service their idea was that the public would pick up the cost of the line, that people would say, "If you do not drop it we will pay all the operating losses and expenses." In effect that is what they wanted, and that is an abuse.

If the Kettle Valley Railway is going to be nationalized, and even if they take up the rails and drive cars along the rail bed, I think Mr. Herridge, who used to represent one of the Kootenay ridings, would be very surprised at his friends for advocating that. He did not get much support in the years he advocated it being nationalized and used for the common good.

I wholeheartedly support the argument because we gave the ground for these transportation corridors, and we have the right to take it back if it is not being used for the correct purpose. I would think there would be some in my party who would not go so far as to say we should take away the 640 acres on both sides of the line; some of my colleagues may own some of that for all I know. I am not just too sure what that would involve, so I am not sure that I would go quite that far. Maybe I am not as far to the left as some of my colleagues in other parties. I would certainly go so far as to say that where the facility is abandoned we should retain the corridor for which we gave them that grant.

● (1642)

It seems to me that it is very interesting that the railways got all the best corridors through the mountains. In fact they got the only way you could ride through with a horse even in the early days. They looked for the only way to get through the mountains and built a railroad on it. Since then we have tried to get over those mountains and, as my friends have said, we have had to fly over them, there is no other way through them. So if you are going to take the rail line out and eliminate the possibility of hauling passengers, at least let us drive our cars through on that right-of-way, and I wholly support this.

I would have to look at the ramifications. This is the kind of speech my Conservative colleagues usually make. They would have to look at all the ramifications of the nationalization of the Canadian Pacific in the light of accomplishing this particular purpose of retaining rights-of-way. I don't know whether in the end it would be wise to take away their steamboats, their airplanes, mines, factories, their connections with television and satellites in the sky and all the other things in which they are involved. But I am very pleased that the hon. member from the Kootenays, and the hon. member for Vancouver-Kingsway (Mrs. Holt) lived up to the traditions that have been long established in both of their ridings by socialist predecessors in wanting to nationalize the Canadian Pacific Railway. Even this small step will make the former members, one from Kootenay East and the other from Vancouver-Kingsway, very happy I am sure, and I hope we can support it for their sake as well as for those who remain.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I would like to comment on the motion before us, and to do it briefly. I think there is another aspect of it which ought to be brought forward. The purpose of the motion is to provide for the reversion to the Crown of railway rights-of-way which have been abandoned, if those rights of rights-of-way had been acquired in the first instance through a subsidy procedure for the building and operation of the railways.

It seems to me, following the hon. member for Timiskaming (Mr. Peters), that reversion to the Crown would not indeed ensure that those rights-of-way were retained as rights-of-way for possible future transportation corridors. I took that to be one of the purposes the hon. member for Okanagan Boundary (Mr. Whittaker) put forth. In fact they might well be disposed of, but there is no provision in this motion which would ensure that any proceeds from a disposal would go back into the operation of the railway. I think there are further refinements of this whole procedure which are worth pursuing.

I want to say to the hon. member for Okanagan Boundary that I, too, support the basic principle involved in his motion. I think it is a very sound one. I would prefer to support his Bill C-222 which is coming up, possibly before we recess at Christmas, because in doing so we would get that bill over to committee and then we can look at all the ramifications that really arise. My friend from Timiskaming said he would like to look at the ramifications. He appropriated what he thought were the socialist inclinations of previous speakers, but he abandoned them very soon afterwards by going to a Conservative position. If he wants to maintain both positions it would be better to send the bill, coming soon, to the committee.

An hon. Member: Nationalize Bell at the same time.

Mr. O'Connell: I know the NDP want to nationalize Bell Canada, but I want to say to them they are exceptionally wrong in this particular case of Bell Canada—and not to divert from our bill in front of us—Mr. Speaker, the government to a very large extent accepts the principle in the motion.

Some hon. Members: Hear, hear!

Mr. O'Connell: I am not speaking for the government in an official sense, but I want to read what the Minister of Transport (Mr. Lang) has said recently which would lead me to the conclusion that the government supports the basic principle in a specific instance. We all know that the Hall Royal Commis-

sion on Grain Handling and Transportation reported in the middle of May this year, and it recommended a certain amount of abandonment of branch lines in the three prairie provinces. I looked at what the Minister of Transport said ten days later, and I am quoting from a commentary he made on May 27 of this year, at page 6:

Where any line is in fact abandoned, I want the roadbed property to revert automatically to the federal Crown.

There is our Minister of Transport supporting the principle, but in a specific instance of abandonments authorized by the Canadian Transport Commission.

He said, in addition,

The Government of Canada would then, after consultations with the provinces, offer that land to the provincial Crown involved, for ultimate disposition to a local municipality, or we would offer it for sale as soon as possible to adjacent farmland owners;

I think some of us would like to ensure that any proceeds would go back into the railway operation, if that is our ultimate purpose. I will repeat again what the minister said in August on the same point in responding to the brief of the three prairie transportation ministers. I quote from page 4 of a document dated August 15, 1977:

Abandoned Right-of-Way

Where any line is in fact abandoned, the roadbed property should revert automatically to the federal Crown. The Government of Canada would then, after consultation . . .

And so on. There twice is reiterated the position of the government in support of the bill.

It seems to me we would be more prudent to have the committee consider what the ramifications are. We have a way of doing it and I intend to support the bill that the hon. member is bringing forward, Bill C-222.

Here are some of the considerations that I think cannot be met in this House in the broad scope he has given to the motion. I know he is interested in the Kettle Valley line. It is a specific instance again, but supposing all of those properties revert to the Crown, what would be the burdens on the federal government in maintaining the properties in the meantime? Would it in fact wish to sell them off? Would any sales be consistent with long term planning in a municipality, or even a requirement that there be a federal/provincial agreement on long term transportation corridor needs? We don't know and can't know unless we have much more information.

What are the city properties worth in, say, downtown Toronto, if put into convention centres or hotels or non-railway uses what hundreds of millions of dollars worth of property would automatically revert to the Crown if we accept the motion? We ought to know in some detail the amounts of money involved here and if, in fact, the railways would lose the opportunity of sale of those properties, would they also lose the financial capacity to reinvest in rail networks?

● (1652)

The implications are serious enough that although we can say quite frankly to the hon. member that he has a good principle here, and I think the government is in basic agreement with it, as I have quoted from the minister, however, there is too much involved simply to support the motion. I will indeed support the bill when it arrives.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, it is rather heartening to hear the hon. member opposite speak as he did. As he pointed out, there are a multitude of interests involved in both the bill to which he referred and the motion presently before the House.

It is of interest to the Canadian public that the money which may be realized from what was in many instances granted land for the purpose of the construction of railroads should accrue to transportation. At the moment, it is being deflected by both our major railroads into rental property and sales, and any other venture that can take place, or it becomes a free piece of land for the construction of a very commercial venture without charge to that venture, whether it be an hotel, shopping market, or whatever else may be constructed.

The transportation interests of Canada are getting short-changed in a very major way with rentals, property sales and so on as a result of the other uses made of granted land, whether it be the New Brunswick Railway Company, CPR, CNR, the Kettle Valley or any other railroad.

All members on this side are very heartened to be assured of some support for the bill which will succeed this motion. I do not think it would really be bad at this moment if this motion were allowed to pass pending the outcome of the bill. I think it should be passed.

[*Translation*]

Mr. Ian Watson (Laprairie): Mr. Speaker, I want to add at least a few observations to the ideas contained in the motion before the House today. I myself introduced a private bill during the last session and again in this session concerning the use of abandoned railway lines. I think their use represents a huge potential, during the summer for bicycle paths, and during the winter for cross-country skiing or snowmobiles. In addition, their use could be very important for recreation, and we should not yet allow the railway companies to continue abandoning them without due concern for the public interest interest in the areas where those lines are located.

Something happened recently in the Eastern Townships where, I think thanks to the intervention of the provincial government, it may be possible that a line abandoned by the CP near Brome Lake will be used; on the other hand, I do not think the present situation should be allowed to last because we should probably allow some compensation for those lots. If they have little value, then we could grant the public a right of way which could mean a lot for the future of recreation. In any event, I think we should do the most sensible thing.

[*English*]

I do not want to take away from the time of another hon. member who has indicated he wishes to speak on this. Before sitting down, I want to state that the idea is an excellent one. The railroad should be obliged at least to offer to public bodies, provincial and municipal governments, these sites

before taking steps to get rid of them and selling them piecemeal. A means should be provided whereby they can be protected for future public use and the recreational use of all Canadians.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, it is regrettable that there are only a few minutes left because I would have many things to say about such an interesting subject. Knowing that a bill will be debated after the study of this motion is over, I have no scruples at all in using the remainder of the time allotted to me to express my point of view on this motion even if I have to watch for the time when that bill comes up for debate.

As for the motion before this House tonight, it aims at amending the Railways Act which may seem in itself a rather simple matter at first sight, but which is in fact so complex and full of implications that it would not be appropriate to pass this amendment. Theoretically, section 88 of the Railways Act gives the railway companies the right to dispose of lands which have been acquired as subsidies from the Crown in the manner they deem appropriate. According to this amendment, rights-of-way acquired by railway companies through subsidies would revert to the federal government. Although this proposal is undoubtedly well grounded, the identification of the subsidies and these lands obtained through these very subsidies is truly a complicated matter. The Hall Commission report recommends that following any abandonment of railways, all such tracts of land revert to provincial governments. However, this bill recommends that they be turned over to the federal government, a matter which upsets the provinces. In short, we are still studying the impact of the Hall Commission report, the concerns of the provinces and the consequences stemming from the transfer to the federal government of lands abandoned by the railways. Given the complex historical process of land acquisition by the railways, the concerns expressed by the provinces and the delays necessary to ensure a fair sharing of these lands, it does not seem appropriate to solve these problems through legislation.

Mr. Speaker, the motion before the House would amend the Railways Act so that rights-of-way originally obtained through federal subsidies would revert to the Crown.

It is a complex and gigantic task to try to determine which rights-of-way were originally obtained through federal subsidies and the nature of railway construction at that time as well as the various forms of subsidies given to an unbelievable number of small railway companies, several of which have now disappeared, while others exist only on paper. To follow up this motion, one would have to—

Mr. Knowles (Winnipeg North Centre): Question!

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to private members' business has now expired.

It being five o'clock, the House stands adjourned until Monday next at two o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, November 21, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

COMMENDATION OF INITIATIVES TOWARDS PEACE OF PRESIDENT OF EGYPT AND PRIME MINISTER OF ISRAEL—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion which I hope would have the unanimous support of all hon. members of the House. I move, seconded by the hon. member for Hillsborough (Mr. Macquarrie):

That this House commend the President of Egypt and the Prime Minister of Israel for their courageous and positive initiative in beginning a direct dialogue toward the establishment of a peaceful relationship between their two countries and express its sincere hope that this initiative will be extended to achieve a just and lasting peace throughout the Middle East.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it agreed?

Motion agreed to.

* * *

ENERGY

PROPOSED REFERENCE TO COMMITTEE OF URANIUM CARTEL AGREEMENT—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion relates to the statement made by the Minister of Energy, Mines and Resources (Mr. Gillespie) to the press on October 14, 1977 which purported to set the record straight on the sorry tale behind the government's uranium cartel. In view of the fact that the minister's press release made several highly contentious and completely unsupported statements, including an assertion that the operations of the cartel were not conducted in secret, and with the background now of Chief Justice Evans' recent decision with respect to this matter, I move, seconded by the hon. member for Okanagan-Kootenay (Mr. Johnston):

That this press statement, which was given outside this House, be referred to the Standing Committee on National Resources and Public Works and that the said committee be given a full mandate, adequate staff and resources to inquire fully and publicly into all matters concerning the uranium cartel.

Mr. Speaker: The presentation of such a motion can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

SUGGESTED ESTABLISHMENT OF COMPENSATED DISCOUNT SYSTEM FOR CONSUMER PRICES—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity.

Since prices are increasing much faster than wages, thus reducing the small wage earners' purchasing power, and since the maintenance of anti-inflation controls only creates more imbalance among various classes of the Canadian society, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House consider as early as possible the opportunity to set up a compensated discount system of consumer prices mainly to lower consumer goods prices to the purchasing power level now available to consumers and, by the same token, stimulate the economy of the country as a whole.

Mr. Speaker: Presentation of such a motion for discussion at this time pursuant to Standing Order 43 requires unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

● (1412)

ROYAL CANADIAN MOUNTED POLICE

REASON L. J. BENNETT LEFT FORCE AND CIRCUMSTANCES OF HIS LEAVING—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of pressing necessity pertaining to the RCMP Featherbed operation and matters related thereto. My motion is as follows:

That the Solicitor General advise the House of circumstances surrounding the RCMP career of Leslie James Bennett, formerly head of "E" Branch, "I" Directorate, Security and Intelligence, specifically why this man was pensioned early on condition he forthwith leave the country, whether or not he threatened to reveal contents of the Featherbed and Tachereau files in order to escape, and finally whether the Prime Minister gave an order that the Tachereau files remain indefinitely in the custody of Major Lemieux of the Privy Council office when they were about to become public information and were seized by the PCO-PMO instead.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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BILINGUALISM

EDUCATION IN QUEBEC—REQUEST FOR DECLARATION UPHOLDING RIGHTS OF IMMIGRANTS—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the resolution of the Quebec Liberal party this weekend stating that access to English schools in Quebec should be restricted to Anglophones and in view of the fact that Mr. Michel Robert, chairman of the policy committee is reported to have said that it would not be realistic for Liberals to go back to free choice and that the motion reconciles the division between those in the party who want freedom of choice and those who want to limit enrolment in English schools, I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That this House calls on the Minister of State for Federal-Provincial Relations to make a statement on motions at his earliest convenience guaranteeing to all new Canadians and immigrants that their rights under the constitution and the Bill of Rights will be upheld in all cases by the federal government.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

REFUSAL OF MINISTER TO PAY SUBSIDY ON TRAWLER "CAPE SAMBRO" BUILT AT MARYSTOWN, NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact the government of Newfoundland was encouraged by assurances from the Secretary of State for External Affairs (Mr. Jamieson) that federal subsidies totalling 35 per cent of the cost of the vessel *Cape Sambro* would be paid if that stern trawler was built at Marystown shipyard in the minister's district on spec in order to ensure continued employment at the yard and in view of the fact that the trawler was built at a cost of $4¼ million, but the Minister of Fisheries (Mr. LeBlanc) refuses to pay the normal 22 per cent subsidy on the fishing vessels amounting to $935,000, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That the House direct the Minister of Fisheries to pay the 22 per cent subsidy, approximately $935,000, to the Newfoundland government with reference to the building of the stern trawler *Cape Sambro* in accordance with the statement by the Secretary of State for External Affairs that there is a moral obligation to take such action.

Mr. Speaker: The presentation of such a motion for debate at this time requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEXICAN SECRETARY OF FOREIGN RELATIONS, MR. SANTIAGO ROEL GARCIA

Mr. Speaker: Before beginning the question period, I know hon. members will want to join with me in welcoming into our galleries a most distinguished visitor in the person of the Secretary of Foreign Relations of the United States of Mexico, Mr. Santiago Roel Garcia.

ORAL QUESTION PERIOD

[*English*]

ENERGY

URANIUM—REASON GOVERNMENT ACQUIESCED IN CARTEL ARRANGEMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. In promoting the uranium cartel, the government has represented that cartel activities would not apply to the consumer markets of Canada, yet we now have clear evidence that this was not true. For example, the Gulf Minerals contract of 1974 with Ontario Hydro was described by Gulf to be in line with other cartel arrangements, and as such would yield a 50 per cent profit to Gulf on a $98 million contract. Will the minister indicate why his government acquiesced in this activity bearing in mind Gulf represents that their Ontario Hydro contract not only met cartel requirements but had "protection from government action".

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the real question in my mind is whether the hon. member is serving Canadian interests or

whether he is acting as an agent of a foreign corporation that is contending with Canadian regulations. We are all aware that the issues which he has been promoting are the issues which Westinghouse of the United States have been promoting because they are looking for a defence for their own mistakes. The Canadian government adopted a system which was aimed at trying to prevent the extinction of the uranium industry in this country. The hon. member and some of his associates have made it very plain that they are not interested in that. We are, Mr. Speaker.

URANIUM—POSSIBILITY MINISTER REVIEWED GULF-ONTARIO HYDRO CONTRACT AS IT RELATED TO CARTEL ARRANGEMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I have a supplementary question for the Minister of Energy, Mines and Resources who seems to be stoutly defending Gulf U.S. for reasons I am not sure of. My supplementary to the Minister is very simple. Has the hon. gentleman reviewed the Gulf-Ontario Hydro contract and has he determined whether it was not only meeting the cartel requirements but was, in fact, more highly priced than the cartel minimums?

● (1417)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I have noted carefully the comments of Ontario Hydro with respect to the contracts they have entered into for the supply of uranium. I have not seen any complaint by Ontario Hydro, the consumer and buyer, that it was forced to purchase uranium at a higher price as a result of the so-called cartel arrangements, which exclude the Canadian market.

URANIUM—PROPOSED REFERENCE TO COMMITTEE OF CARTEL ARRANGEMENT

Mr. Sinclair Stevens (York-Simcoe): My final supplementary to the minister is twofold, Mr. Speaker. The minister has just indicated that the cartel arrangements excluded the Canadian market. Would he go further and indicate whether he received any commitment from any Canadian producer that they would, in fact, exclude the Canadian market from cartel pricing? Second, if the minister is interested in hearing Ontario Hydro's position on this important matter, will he follow our request and make a reference to the appropriate standing committee of this House, at which time we can hear Ontario Hydro, Gulf Minerals and the minister concerning this entire sorry mess?

Some hon. Members: Oh!

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): If the hon. member would care to read the directives which were issued by the Minister of Energy, Mines and Resources to the Atomic Energy Control Board he would see it was made very clear in every directive which was issued that the United States was excluded and that the domestic market was excluded.

ALLEGED ADVANCE KNOWLEDGE OF CARTEL ARRANGEMENT WHICH GAVE RISE TO INSIDER TRADING—REQUEST FOR INVESTIGATION

Mr. James Gillies (Don Valley): My question is also directed to the Minister of Energy, Mines and Resources and refers to reports that certain members of the investment community in Toronto were aware at least three months before the orders-in-council came down that the cartel was being formed. It is reported that there was a degree of insider trading taking place of shares of certain firms who were associated with the cartel. May I ask the Minister of Energy, Mines and Resources to investigate these reports of insider trading?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have no reason to believe that these allegations are true, but if they are true I am sure the responsible agency, the Securities Exchange Commission, or other Ontario government or stock exchange institutions would be well placed to examine the kind of allegation the hon. member has made. I put it to him that if he feels as strongly as he appears to indicate by his question, he has a responsibility to draw these allegations to the attention of responsible exchange commission officials.

Mr. Gillies: On August 23, 1973, when the minister of the day stated:

> I have today issued a directive to the Atomic Energy Control Board covering such aspects as minimum selling prices and volumes of sales to export markets. Because of the nature of uranium export contracts it would not be in the public interest to disclose further contract details at this time.

Would the hon. gentleman tell the House how it was possible that details of these contracts got into the hands of investment analysts in the securities business in Toronto almost immediately? What was the leak in his organization which allowed such a thing to happen?

Mr. Gillespie: The hon. member is asking me to speculate on the sources of information of some analysts. I do not have the source of that information, but perhaps the hon. member does have some information. If he has any information which he would like to give to me I would like him to do so.

● (1422)

Mr. Gillies: I might say to the Minister of Energy, Mines and Resources that people on this side of the House are sick and tired, every time an issue is raised which affects very seriously and deeply the integrity of the operations of the government of Canada—and we have heard about this for weeks now—to be told by the government: "Why don't you look into it?" I asked the Minister of Energy, Mines and Resources whether he had asked the Attorney General of Canada to make inquiries whether or not there were leaks from his office of information that allowed insider trading which apparently took place. It is very much his responsibility to make that inquiry, Mr. Speaker.

Mr. Gillespie: Mr. Speaker, members of the House have been all too aware recently of allegations coming from the other side of the House, allegations which have been unsub-

stantiated. I think the time has come for members of the Conservative party, if they have allegations to make, to make them to the responsible institutions which can deal with them, and to back them up.

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TRADE

CANADA-UNITED STATES AUTO PACT—REQUEST FOR REPORT ON NEGOTIATIONS TO OBTAIN MORE BENEFITS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the very positive Minister of Industry, Trade and Commerce.

Some hon. Members: Hear, hear!

Mr. Broadbent: You fellows opposite are right on cue. The minister said on television last night that Canadians are tired of watching news reports every night informing them of the bad consequences of his government's misgoverning, and in that regard I agree with the minister. Does the minister have some specific good news about the automotive industry for next year, in light of the fact that we have had a net loss of some 15,000 jobs in that industry as a result of the mismanagement of the Canada-United States automotive agreement? Can the minister tell us about new commitments for new jobs next year?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am particularly glad that question has been asked, because as I look at the facts I find that the automotive industry has enjoyed its fourth consecutive year of growth of profits and success in Canada. We are holding talks with the industry regarding development of additional capability in manufacturing parts in Canada. I can assure you, Mr. Speaker, and hon. members of the House that those talks look to me as if they will be very productive.

Mr. Broadbent: That is precisely my point, Mr. Speaker. The minister referred to profits, and as he probably knows, the profit margins of the "big three" in Canada are such that two are more than twice as high as their profits in the United States, and the third is not quite twice as high in Canada as in the United States, although in the United States much more proportionately is being put into new investment.

Mr. Speaker: Order, please.

Mr. Horner: Mr. Speaker, I want to assure the hon. member and all hon. members of the House that the government takes no evil view at all of profits; we believe they are necessary. I want to assure the hon. member that my department is aware—

Mr. Andre: You don't expect us to believe that.

Mr. Horner: I do not believe the hon. member for Calgary Centre, either. I believe in profits, and I believe the argument that the automotive industry has had four good consecutive years in Canada, profitwise and otherwise, as I have said. We are using this to encourage them to expand their parts industry in this country and we believe that our talks will be successful. That is all I can say.

[Mr. Gillespie.]

Mr. Broadbent: Mr. Speaker, in light of the fact that four ministers of industry, trade and commerce in a row have said that, and considering that we have had a net loss, I repeat, of 15,000 jobs in the last half dozen years under the pact and that the president of the Ford Motor Company about 10 days ago denied what the minister has said, namely that the Ford Motor Company had committed itself to expanding next year, is the minister in any position to give us a specific commitment, short of the general verbiage which he has just repeated this afternoon?

● (1427)

Mr. Horner: Mr. Speaker, I want to make it abundantly clear to the hon. member that I do not accept, for one minute, his figure that we have lost 15,000 jobs.

Mr. Broadbent: I did not expect you to.

Mr. Horner: Thank you. I am glad we can agree on something—not to accept your figures. We are agreeing on that. At least we are agreeing on one thing, that we do not accept your figures.

Some hon. Members: Hear, hear!

Mr. Horner: The other point is: jobs will be created, and we will expand parts manufacturing within this country.

An hon. Member: How?

Mr. Horner: I am quite hopeful with regard to our talks.

* * *

[*Translation*]

ANTI-INFLATION PROGRAM

INQUIRY WHETHER GOVERNMENT HAD DISCUSSIONS WITH QUEBEC ON APPLICATION OF PROGRAM TO SCHOOL TAX INCREASES

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, in the absence of the Minister of Finance, I will direct my question to the right hon. Prime Minister. Given the fact that several regions in the province of Quebec have been advised lately that school taxes will be increased by more than 75 per cent, would the Prime Minister tell the House whether or not discussions have been held about that with the province of Quebec in relation with the Anti-Inflation Act?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know if any discussions have been held lately on that but the hon. member should know that the province of Quebec, that is its present government, has decided to abolish the Anti-Inflation Act as it applies to the private sector which is under its control. So, as far as salaries in the public sector are

concerned, including municipal employees, Mr. Speaker, one has to look to the present government which has lifted the controls and allowed that result.

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FINANCE

SUGGESTION GOVERNMENT GRANT MUNICIPALITIES INTEREST FREE LOANS

Mr. Gilles Caouette (Témiscamingue): I have a supplementary, Mr. Speaker. In view of the fact that school boards and municipal authorities have to go on the money markets to borrow money at prohibitive interest rates in order to administer their budget, as it is also the case for provincial governments, is the Prime Minister prepared to advise his Minister of Finance to allow interest free loans to public bodies to ensure adequate management and to save the money of Canadian taxpayers, as it is done through the Islamic Bank to all the countries which are under the jurisdiction of this bank. Would the Prime Minister be prepared to do the same here in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we would be prepared to consider this kind of interest-free loan to school boards as soon as the leader of the Social Credit can find enough citizens willing to provide loans without interest to the government, for example through saving bonds, without claiming the interest. This would give us a good fund and we would be quite prepared to re-lend without interest. So we are waiting for the leader of the Social Credit to take action.

Mr. Caouette (Témiscamingue): Mr. Speaker, since the Prime Minister is telling us how to proceed, I am ready to give a lecture if he is willing to attend. When would he be free to attend a lecture on Social Credit to understand at last that Canadians need interest-free loans as is done in other countries.

Mr. Trudeau: Mr. Speaker, I did not ask for a lecture. I said that when the government is issuing saving bonds, as it has just done, it is borrowing from the citizens at a rate of about 8½ per cent. If the hon. member could find us a number of purchasers who would be prepared to make interest-free loans, we would lend those funds to municipalities. I am not asking for a lecture but merely a list of individuals ready to make interest-free loans.

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[*English*]

ENERGY

URANIUM—REASON FOR FAILURE TO ADOPT TWO-PRICE SYSTEM OR MARKETING BOARD

Mr. Ron Huntington (Capilano): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. In view of repeated statements that the government was concerned with Canadian consumers and with keeping down the domestic cost of uranium, will the minister tell the House why the government did not go to the legal two price system for uranium, as was done with Canadian wheat? Will he tell the House why the government did not bring in an uranium marketing board with specific provisions to safeguard Canadian consumers and industries?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if the hon. member will take a look at the record, he will realize that Canada took a number of actions. The first action was to make very strong representations to the United States when they imposed an embargo on Canadian uranium sold to that market which represented 70 per cent of world markets at that time. There is a whole series of Canadian positions which are on the record with respect to U.S. action.

• (1432)

The second action we took in Canada was to try to persuade the consuming countries of the world that it would be in their interest to join with the producers, and it was the producer-consumer arrangement which would attempt to stabilize the supply and demand price of this country, in much the same way perhaps as the international tin council is an association agreement of producer and consumer countries. We were not successful although we tried right up to the very last moment with a major initiative by the Secretary of State for External Affairs at the United Nations in New York.

As a result, we formed an agreement with the other producing nations, Australia, France, South Africa and ourselves, aimed at stabilizing the market. I believe that this arrangement was successful for the first year perhaps, or even the first year and a half of its existence, but with the OPEC price increase of 1973 and energy values generally escalating out of all proportion to previous experience, the real need for that arrangement ceased to exist. That is the record, Mr. Speaker, and those are the reasons Canada moved into this particular arrangement because the major market on which the Canadian industry has relied, the U.S. market, was closed as a result of an arbitrary decision by the United States.

Mr. Gillies: Not true.

URANIUM—REASON FOR FAILURE TO SUPPLY ONTARIO HYDRO WITH CHEAPER STOCKPILED MATERIAL

Mr. Ron Huntington (Capilano): Mr. Speaker, I thank the minister for his answer, although it hardly answers the two questions he was asked on the legal approach that the government might have taken. I will ask him this: As shipments will be made from the Canadian government's stockpile of uranium concentrates to Spanish electric utilities in 1978, will the minister tell the House why the Government of Canada has not offered to sell Ontario provincial utilities, uranium concentrates purchased at $4.75 to $6 a pound with Canadian taxpayers' dollars, I might add, rather than leaving them exposed to world prices? To be more precise, why should Ontario Hydro pay world cartel prices for uranium mined in

Ontario when foreign utilities are provided from a government stockpile program undertaken with Canadian taxpayers' dollars?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I have always made it very clear that the so-called cartel arrangement excluded in every way the relationships between the producers and consumers of Canada. The Canadian government's position from the very start was that the consumer utilities of this country should make their own arrangements with Canadian producers, and that was the basic policy.

As to the second aspect of the policy, that is to say the stockpile to which the hon. member alluded, that stockpile, I believe, was a very important safety measure for Canada to ensure that at all times there will be adequate back-up supplies for Canadian consumer utilities, given the interest in our export markets. As the hon. member knows, we have a policy which secures Canadian consumers on the basis of 30 years, but additionally we have the back-up of the stockpile.

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ADMINISTRATION OF JUSTICE

EFFECT OF COURT DECISION ON URANIUM CARTEL REGULATIONS—GOVERNMENT POSITION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Minister of Justice with respect to that matter. It arises out of the decision of Mr. Justice Evans which effectively precludes people in the industry, people with knowledge and others, from disclosing to any investigation carried out under the Combines Investigation Act facts rather than allegations of what the facts may be. Has the Minister of Justice considered the effect of this provision and will he tell the House what he intends to do to rectify the situation?

Hon. Ron Basford (Minister of Justice): We are considering the matter, but I am not in a position today to reach a conclusion on that. Obviously, it would be very difficult if impediments were put in the way of the director of investigation and research.

Mr. Baker (Grenville-Carleton): Would the Minister of Justice consider very quickly changing once again the gag order that has been placed on this matter as the time for an appeal with respect to the action in which the Minister of Justice must have a great interest, particularly because of the attitude of full disclosure, brought by six people in the Supreme Court of Ontario is running out this week, would the minister let this House know whether or not it is his intention, as chief law officer of the Crown, to use as one primary vehicle an appeal of the judgment which clearly renders toothless and useless the combines investigation which the minister is setting up with respect to this matter?

[Mr. Huntington.]

Mr. Basford: I think that the remark of the House leader of the opposition carries the judgment far beyond its intent and I would not want to adopt that language at all.

Mr. Baker (Grenville-Carleton): Let us look at the judgment to refresh the minister's mind.

Mr. Speaker: Order, please. There may be an argument at other times. I will permit the hon. member a supplementary question now.

Mr. Baker (Grenville-Carleton): I have a simple supplementary question, Mr. Speaker. Does the Minister of Justice intend to appeal the ruling of Mr. Justice Evans with respect to the right of the people inside and outside the industry and people with direct knowledge of what happened within the cartel to give evidence and come clean before the combines investigation which the government has set up? Will he appeal that order?

Mr. Basford: I want to ensure that the director is not under any impediment.

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ENERGY

URANIUM CARTEL—AVAILABILITY OF FILES TO COMBINES INVESTIGATORS

Mr. James A. McGrath (St. John's East): My question is directed to the Minister of Energy, Mines and Resources. In view of the necessity of ensuring that there will be absolutely no impediments put on the director of combines in his investigation, may I ask the minister what steps he has taken to ensure that there are no impediments. Is he, has he, or will he make it possible for the director of combines to produce documents which he has in his possession, and will he also ensure and direct that all pertinent and relevant files within his department are opened to the Combines Investigation Branch?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): We made it very clear that all the files and all the information we have are fully available to the director of investigation and research.

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COMBINES

URANIUM CARTEL—REQUEST FOR ASSURANCE OF FULL INVESTIGATION

Mr. James A. McGrath (St. John's East): My question is for the Minister of Consumer and Corporate Affairs. In view of the potential conflict of interest that seems to be arising here, since one of the parties under investigation by the Combines Investigation Branch is in fact the government itself, and since the director of the Combines Investigation Branch answers to the government, what steps is the minister taking to ensure that the Combines Investigation Branch will

have a full, complete and unimpeded investigation of this whole affair? In that regard, can the minister assure the House that all documents and all files relating to the unfortunate affair, with its potential for a consumer rip-off with the government being party to that unfortunate situation, will be made available and that there will be a complete and unimpeded investigation of this whole sorry affair?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): If the hon. member had read the Combines Investigation Act he would know that the director of investigation and research has a full and independent status given to him by statute and can be in no way impeded by the government or by the minister. He has all the tools necessary to do a complete job.

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INDUSTRY

MANUFACTURING—MEASURES TO IMPROVE SITUATION

Hon. George Hees (Prince Edward-Hastings): I have a question for the Prime Minister. As manufactured products are the ones that produce jobs and as the Canadian Manufacturers' Association has just forecast that this year Canada will have an adverse trade balance, a deficit of $11.5 billion in manufactured goods, up 15 per cent from the record $10 billion deficit of a year ago, will the Prime Minister take the first opportunity on motions to outline to the House what specific new initiatives the government intends to introduce in the very near future to change this very serious and steadily deteriorating situation which is so adversely affecting Canadian employment?

● (1442)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, those figures contradict information I have. I wonder if the hon. member has garbled them a bit.

Mr. Hees: The answer is no, Mr. Speaker. I received those figures from the President of the Canadian Manufacturer's Association at a luncheon here last Thursday.

Mr. Trudeau: That proves my point.

Mr. Hees: I should like to ask a supplementary question. In view of the very vague and completely unsatisfactory non-answer of the Prime Minister, I wonder if he would consider this: When he is answering these very serious questions about matters important to this country would he use facts instead of so much of the commodity of which he is amply supplied on the cattle ranch of his Minister of Industry, Trade and Commerce.

ENERGY

OPPORTUNITY FOR SMALL BUSINESSES TO PARTICIPATE IN PROGRAMS ON RENEWABLE FORMS OF ENERGY

Mr. F. A. Philbrook (Halton): Mr. Speaker, may I put a question to the Minister of Energy, Mines and Resources regarding solar and other renewable forms of energy. It is my understanding that the programs accepted by government are those from large institutions and those that have been assigned. I wonder if the minister has any intention of opening up the program for those forms of energy to small businesses, small organizations and individuals who might have a superior proposal?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the thrust of the program, is to make available to industry and the Department of Industry, Trade and Commerce—and my colleague I am sure would be pleased to provide additional information on this—information on the opportunity posed by the challenge of solar energy to bring into being very much more activity in the private sector and small business in particular. Some consumers have complained that we have left the tariff on solar equipment and components, and have argued that if we were to take it off we would be able to get lower costs on solar energy for Canadians. That may be true, but it would also of course have the effect of discouraging the kind of indigenous enterprise we are trying to provide around this new kind of technology.

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INDUSTRY

ELECTRONICS—MEASURES TO PROTECT CANADIAN MANUFACTURERS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Industry, Trade and Commerce regarding the Canadian electronics industry which is in dire straits. Since 1965 the electronics industry in this country has grown by some $2.8 billion. Of this amount only $1.1 billion has gone to domestic producers, or only 38 per cent, while 1.7 billion or 62 per cent has gone to foreign importers, the result being that in the last three years the number of persons employed—

Mr. Speaker: Order, please. I wonder if the hon. member would put his question without further preamble.

Mr. Douglas (Nanaimo-Cowichan-The Islands): —the number of persons employed has dropped by 17,000. I should like to ask the minister if he has looked into this situation and if he can tell the House what the causes are, what steps the government is taking to see that Canadian manufacturers of electronic products get their fair share of the Canadian market?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, my officials and I have met with representatives of the electronic industry. We are very much

aware of their concern for future growth within their ability to meet the Canadian market and world markets. We will bear that in mind in the MTN agreement negotiations and do everything we can to facilitate growth of this industry in Canada. We recognize it is a high technology employer and therefore very important to the high technology within our country.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question. I notice that Mr. Terry Matthews, executive vice-president of Mitel Corporation has pointed out that this year according to Statistics Canada, of a domestic market of some $3 billion, imports are taking $2.2 billion, whereas Canadian exports are only about $600 million. This represents a very serious threat to the jobs of many thousands of Canadians. Surely the minister can give us some more satisfactory answer than that. The government has taken steps with other industries to effect some type of quota system or method of protecting Canadian producers and Canadian jobs. What steps does he intend to take to protect the Canadian market for Canadians?

Mr. Horner: Mr. Speaker, first of all we recognize the industry of which we are speaking is a highly technical industry and vastly changing. The technological advances made in the electronics industry in recent years make it very, very difficult to apply any degree of set permits or import permits to our country because of the continual change taking place within the electronics industry. For that reason we have been reluctant to consider that approach. As I said earlier, however, we will do everything we can to allow the industry within Canada to meet export capabilities and to serve the Canadian market to a greater degree.

PULP AND PAPER—EFFECT ON CANADIAN INDUSTRY OF LOANS TO FOREIGN COUNTRIES TO ESTABLISH PLANTS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In view of the fact that the pulp and paper industry is suffering from lack of markets, I wonder if the minister would advise the House why the Export Development Corporation, which falls within his responsibility, is making loans to European countries which are taking away the markets of Canadians and causing serious loss of jobs?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we are well aware of the difficulties in the world market of the pulp and paper industry. I should like to say that the Export Development Corporation has made a loan for development of a pulp and paper industry in Poland. In making that loan they do not believe the Polish industry would serve any of the markets our industry is now serving. We also believe that a loan made to them for procurement of pulp and paper machinery in this country would create jobs which are needed in our manufacturing sector.

[Mr. Horner.]

LINERBOARD MILL IN NEWFOUNDLAND—REQUEST FOR ACTION TO AVOID LOSS OF JOBS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): A supplementary question, Mr. Speaker. Dealing with the province of Newfoundland in particular where the pulp and paper industry and the linerboard industry are basic to the province and which are being seriously hurt, has the minister consulted with the provincial government of Newfoundland with respect to the difficulties of the Labrador linerboard mill where 2,100 jobs were lost. Would the minister follow that up?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, with regard to the linerboard mill in Newfoundland I would not like to reflect on any dereliction of duty on behalf of the government of Newfoundland but I believe they did discuss this with my predecessor and members from Newfoundland. It was only after lengthy Cabinet discussions in Ottawa that they believed no additional help could be made to keep that linerboard mill open.

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ENERGY

NORTHERN GAS PIPELINE—USE OF CANADIAN PIPE IN CONSTRUCTION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is for the Prime Minister regarding what I call that great sellout by this government in terms of the northern pipeline and the evasive answers given by the Minister of Industry, Trade and Commerce and others. Given the fact that Dr. Stuart Smith, Leader of the Opposition in the province of Ontario, has indicated by way of a letter to the Prime Minister that he is very, very concerned about this matter and that there should be guarantees in the agreement, and given the fact that there are no guarantees, could the Prime Minister advise Dr. Stuart Smith, this House and the people of Canada, what his reply will be to Dr. Stuart Smith who has registered the same kind of concern that we have in face of the apathy of the Prime Minister and the Minister of Industry, Trade and Commerce?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I regret, I have not seen Dr. Stuart Smith's letter yet but I can assure him I believe the matter is a very important one and I shall pay every attention to his representations. I must say it is typical of the Conservative party to describe as a sellout a negotiation between Canada and the United States, very ably conducted by ministers on this side which has meant some 100,000 man-years of work for Canada and some $4 billion to be spent in Canada. If that is a sellout we would like to see what the hon. member for Hamilton West would do.

INDUSTRY

STEEL—REQUEST FOR ASSURANCE CANADIAN PIPE USED IN CONSTRUCTION OF NORTHERN GAS PIPELINE

Mr. Lincoln M. Alexander (Hamilton West): A supplementary question, Mr. Speaker, and I want to thank the Prime Minister for that unwanted lecture. I know all about the $4 billion, I know all about the 400,000 man-years of work and all about the one million tons of steel. Let me go to the other minister who knows something about this matter, the Minister of Industry, Trade and Commerce. I resent the evasive answers that this minister has given and the one the Prime Minister just gave.

● (1452)

Is the minister aware of the fact that there is a substantial lobby now in place not only by steel producers but also by unions, enhanced by Senators Jackson, Stevens and Durkin, who do not want any preferential treatment going toward Canada? If he is not aware of it, would he kindly get on the ball and go to his counterparts in the United States and advise them of the concern which has been registered around here and ascertain from them just how he is going to assure and guarantee Canadian content? Is the minister aware of that concern, and before he brings in legislation, which is almost on the books, will he see his American counterparts and follow the suggestions I just made?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am aware of the concern of Senators Jackson and Stevens and others in the United States with regard to having as much work done in the United States as possible and to receiving gas as cheaply as possible.

However, let me explain just briefly the basic criteria which is now to be decided. First, there is the matter of pressure. The Americans want to build a pipeline with a pressure of something over 1,600 pounds. We say there is no pipeline yet built in the world with that amount of pressure. We want to build the pipeline with a pressure of less than 1,200 pounds. That pressure determines the thickness of the wall of the pipe. That decision is for Canadians to make, not Americans, so hon. members can readily see that we are in the driver's seat with regard to the size of the pipe, whether it be 48 inches, 52 inches or 54 inches, and with regard to the thickness of the wall. If we make the right decision in that regard—and I have no hesitation in saying that I am fully confident that we will—then we will make available to Canadian suppliers the opportunity to produce the total length of the pipe.

When we make that opportunity of producing something in the neighbourhood of 3,000 miles of pipe available to Canadian suppliers, we ask them to be competitive because we do not believe we entered into an agreement with the United States so that we could force them to pay for a pipeline built in a non-competitive environment and because in the end American consumers are going to have to pay for the building of the pipeline. It would be foolish of us to think that their government would enter into an agreement with us which would allow us to build a pipeline in an environment which is not competitive.

So I assure the hon. member that Canadians will get every possible opportunity to supply the components for that pipeline. Of course, we are asking Canadian suppliers to remain as competitive as possible to meet the challenge.

Mr. Alexander: That answer means absolutely nothing to me.

Some hon. Members: Oh, oh!

Mr. Alexander: All the minister has said is that he is going to give an opportunity,—

Mr. Speaker: Order, please.

Mr. Alexander: I was just going to get to the question.

Mr. Speaker: Rather than express an opinion I wonder if the hon. member would put his supplementary question.

Mr. Alexander: In that I have expressed my opinion, regardless of the possibility of bidding, all I want to know is what the minister is going to do to guarantee Canadian content. That is the basis of that agreement, and I want to know whether the minister is going to go to the United States and advise his American counterparts and all those involved that he expects preferential treatment for Canadians. Does he intend to guarantee that? Is the minister going to do that, or is he going to sell out to the American consumer at the expense of Canadian steelworkers and jobs for Canadians? That is what I want to know from the minister.

Mr. Speaker: The question in its form is a repetition of the one asked earlier.

Mr. Alexander: He has not answered it.

Mr. Speaker: Further, it is a repetition of questions answered on two occasions by other ministers.

Mr. Alexander: With all due respect—

Some hon. Members: Sit down.

* * *

ROYAL CANADIAN MOUNTED POLICE

CIRCUMSTANCES SURROUNDING DEPARTURE FROM FORCE OF L. J. BENNETT

Mr. Tom Cossitt (Leeds): Mr. Speaker, in the absence of the Solicitor General I would like to direct my question to the Prime Minister. Would the Prime Minister tell the House whether the government is prepared to reveal the mysterious circumstances surrounding the departure from Canada of Leslie James Bennett of the RCMP, and was one of the conditions that he not reveal the contents of the Featherbed file?

Right Hon. P. E. Trudeau (Prime Minister): Would the hon. member ask the question again.

Mr. Cossitt: Would the Prime Minister reveal the circumstances surrounding the mysterious leaving of Canada of Leslie James Bennett of the RCMP on condition, apparently, that he not reveal the contents of the Featherbed file?

Mr. Trudeau: Mr. Speaker, I have never heard the name before. I will refer the question to the Solicitor General.

POSSIBILITY PRIME MINISTER INTERFERED WITH FORCE IN SECURITY WORK

Mr. Tom Cossitt (Leeds): Mr. Speaker, I would like to ask the Prime Minister how he was able to tell the House last Tuesday in reply to a question of mine that he had never heard of the Featherbed file and yet the next day the Solicitor General told the House that the file existed and was known to the security committee of the cabinet of which I believe the Prime Minister is a member. Therefore, I would like to ask the Prime Minister pointblank—a yes or no answer—has he in any way directly or indirectly interfered with the RCMP in pursuing the matter of national security in this country?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would be prepared to answer the question if the hon. member would say he would take my word for the answer.

Mr. Cossitt: The Prime Minister says he will answer my question if I am prepared to accept his answer. That is a hypothetical situation. I am certainly prepared to consider whether his answer is true, but he cannot ask me in advance to accept his answer when he will not even tell the House what he has to say. I can see too—

Mr. Speaker: Order, please. The hon. member for St. John's West.

* * *

ENERGY

NEWFOUNDLAND'S OFFSHORE OIL AND GAS REGULATION—POSSIBILITY OF AGREEMENT ON QUESTION TO BE PUT TO SUPREME COURT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. As the minister no doubt knows, on October 24 the province of Newfoundland proclaimed its own oil and gas regulations for the offshore area off the east coast and set out its case with regard to offshore mineral rights. The minister of mines and energy of Newfoundland said that the province of Newfoundland is prepared to go to the Supreme Court of Canada on this question if two matters can be settled first. The first is whether the province can have access to certain documents in the hands of the government of Canada relating to the so-called thirty year rule which applies to confederation, and second, whether the government of Canada will agree that both sides have to agree on the terms of the question to be asked the court. Can the minister advise the House whether those two points will be met by the government of Canada, whether disclosure of these documents will take place and whether both sides will have to agree to the question?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, as far as I know there was a favourable decision taken in principle on these matters some months ago, and I do not understand why the Newfoundland government has not been able to move more expeditiously.

NEWFOUNDLAND'S OFFSHORE OIL AND GAS REGULATIONS—POSSIBILITY OF ESTABLISHING INTERIM JOINT MANAGEMENT COMMITTEE

Mr. John C. Crosbie (St. John's West): The minister is poorly briefed, but I cannot brief him here now. The minister of mines and energy of Newfoundland, realizing that there are now two sets of oil and gas regulations in force in that area, has said he is suggesting to the Minister of Energy, Mines and Resources that the two governments set up an interim offshore management committee so that there will be a forum for discussion and co-ordination and so that the industry will know where to go to get answers in this matter of disputed jurisdiction. Has the minister received that submission, and what will be the reply of the government of Canada to this suggestion?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think that is an interesting and constructive suggestion. I would be very pleased to consider it. I have to point out, however, that at no time has the Newfoundland government taken us into its confidence. It published these new regulations without showing them to us. Nor did I within a week or some days of their publication receive a copy. I hope that the Newfoundland government and the minister in particular will see that it is in their interest to collaborate. I can assure him of our wish to co-operate.

* * *

FISHERIES

PACIFIC SALMON ENHANCEMENT PROGRAM—REASON FOR ASKING FISHERMEN TO BEAR COST

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Fisheries. It concerns the salmon enhancement program in British Columbia. The study done by his department in September of this year indicated that the major cost of the salmon enhancement program would be borne by a fishermen's licensing arrangement. Would the minister advise the House why fishermen should begin to bear any of the cost of that program before the returns come to them? There is about a four-year lead time after the hatch gets out to sea. Why is the minister now suggesting that commercial fishermen immediately have to bear the cost when they do not have any other returns?

Hon. Roméo LeBlanc (Minister of Fisheries): Mr. Speaker, first, the hon. member seems to forget that the fishermen are already getting a considerable return from some $30 million worth of investments which have created the technology required for the salmon enhancement program. The other point which the hon. member did not make in his question—and I thank him for giving me notice—is that not just fishermen but all sectors of the industry—commercial, sports fishermen and processors—are expected to carry part of the cost of what is a program not open to citizens generally but to a specific group.

It has been the policy all along that users in cases such as these—for example, airport licence fees, airport landing fees, the post office and other users of government services—should be requested to pay some of the cost.

● (1502)

Mr. Leggatt: Mr. Speaker, there is one group that the minister did not refer to in his answer who are apparently bearing no costs. These are the people who have polluted the rivers and dammed them. It is the CPR which has blocked the Fraser River. They apparently are not going to bear any of the cost of what is not essentially a salmon enhancement program but a salmon rehabilitation program. We are trying to bring those runs back to the condition that they were. Why is there not a program whereby those who have been responsible for degrading the fishing capacities of British Columbia are required to pay some of the cost of reinstating it?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, one of the features we tried to design in this program is simplicity. I suspect if we were to try to do what the hon. member is suggesting, it would turn out not to be a simple matter at all. For example, how would he charge the cost of the landslide of 1913 which almost wiped out the Fraser River salmon runs?

* * *

PRIVILEGE

MINISTERIAL RESPONSIBILITY—RULING BY MR. SPEAKER

Mr. Speaker: On Friday last, several requests were put to the Chair to seek or to explore the existence of unanimous consent for the purpose of extending some of the provisions of our Standing Orders and precedents of the House in order to permit either a statement by a minister, subject to questioning, provision of an opportunity for a minister to raise a question of privilege, or simply for clarification of the right to put questions to ministers.

Over the last couple of days I have ruled as clearly as possible on the reinforcement of our practices with respect to the limitation on questions which can be put to ministers, that is to say, respecting their own administrative responsibility at the present time. However, I did indicate I had some concern about the opportunity for the House to try to explore by one member that which would take unanimous consent by way of an action on the part of another member, in this case particularly, a minister.

I indicated then that I thought it would be unwise to attempt to extend our practices in that way. Having examined the matter over the weekend, as I undertook to do, I have no reason to change that opinion. I am concerned that we really are not able to take, by way by point of order, in any regularized way an application for unanimous consent, but we do it in circumstances in which it seems that a member who wishes to do something for the benefit of the House feels constrained by the rules and seeks to ask the House to set those rules aside in order to permit him to do that.

If we were to extend that proposition to permit regular applications under points of order for unanimous consent by one member for another member to take such action, we would be inviting regular applications at three o'clock every day for an application for unanimous consent; for example, that the question period be extended indefinitely. We would be opening up the practice to tremendous flexibility. I say that particularly in view of the fact that in the way we have been using Standing Order 43, the Chair has tried to stay out of discussions or disputes as much as possible about the content of applications pursuant to Standing Order 43. In some cases they have been flagrant and I have not put the question to the House.

However, bearing in mind in the procedures we have arranged, because we take such applications at the beginning of the day and because they are, therefore, self-policing in terms of abuse of the rule, since they must stop in order to permit the start of the question period, it has given the Chair an opportunity to take a somewhat passive stance with regard to such applications. That adds a kind of flexibility to applications for unanimous consent pursuant to that Standing Order.

In view of the fact that members do enjoy the opportunity to put these kinds of propositions for perhaps setting aside the Standing Orders for a particular purpose or a particular day, I feel we ought to take a rather tight rein in respect of applications of other sorts for unanimous consent for the setting aside of our procedures, and that I ought to continue to confine the kinds of cases we have discussed to those where the initiative comes from the minister involved.

I want to remind the House that there is one outstanding question of privilege; that is the one related to the decision before the Supreme Court of Ontario. I have given a preliminary indication of the position that I felt the House was in with regard to any outside definition or circumscription of our privileges here. However, the Minister of Justice indicated it was his intention to make an intervention with regard to that matter. I am, therefore, holding that question of privilege open until such time as the Minister of Justice comes forward with that intervention, which I hope will be as soon as possible.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I have had an opportunity of meeting, since then, with the President of the Privy Council who is studying the matter. He will want to respond to the question of privilege as quickly as

he can. I hesitate to speak for the President of the Privy Council—

Mr. Clark: Jack Horner does.

Mr. Basford: —but I hope the President of the Privy Council will make his intervention quickly on it.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, this is the first day the President of the Privy Council has been back in the House. He has been very ill. All of us welcome him back.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I am sure his colleagues welcome him back even more fervently than we do. Because of the issues involved and the question of time, I wonder whether the President of the Privy Council might tell us now when he plans to reply. There is a question of considerable urgency involved in this matter. It affects the basic privileges of the House. I think the minister realizes the urgency. Does he have a time he can tell us as to when he will be replying?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. MacEachen: —may I thank the hon. member for his expression of welcome on my return to the House of Commons. I must say I had an opportunity to observe my colleagues from a distance. I want to assure them that they all appeared to me as statesmen, but of course they know better. I also want to ease my way into the atmosphere of the House by expressing appreciation to the opposition for ensuring that not very much happened in the House of Commons during my absence.

Mr. Alexander: It didn't take you long to get back into form.

Mr. MacEachen: In reply to the question by the hon. member for Grenville-Carleton, I will attempt to reply to this question of privilege just as soon as I have had an opportunity to examine the various aspects of it. I undertake to do it certainly before the end of this week.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a point of order. It relates to the ruling Your Honour just made which, naturally, all of us on this side of the House are quite happy to accept. I simply want to rise at this point to say that if the Minister of Consumer and Corporate Affairs would like to seek unanimous consent of the House to make, in this House, the charges which he made against the Royal Canadian Mounted Police outside this House. In the interests of having something happen in this House of Commons which the government House leader just referred to, we on this side would be quite prepared to grant unanimous consent to allow the minister to make the accusations against the Mounties in parliament that he made outside parliament.

Some hon. Members: Hear, hear!

MR. STEVENS—URANIUM CARTEL—REPLY BY MINISTER

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I wish to give notice of what I believe is a question of privilege. In reply to a question put by myself to the Minister of Energy, Mines and Resources today touching on the consumer consequences in Canada of the uranium cartel activities, the minister replied, as far as my notes and recollection are concerned, as follows; "The real question in my mind is whether the hon. member is serving Canadian interests or whether he is acting as an agent of a foreign corporation that is contending with Canadian regulations. We are all aware that the issues which he has been promoting are the issues which Westinghouse of the United States have been promoting."

I would like to give notice that I believe this involves a clear question of privilege. I would like to be able to check *Hansard,* the official record. However, at this point I want to assure all members that I am here to serve primarily the York-Simcoe constituents, and the people of Canada generally.

Mr. Speaker: If the hon. member feels he has some basis on which that statement constitutes privilege, I will be interested to hear it. I must say I do not see anything in it initially. However, the hon. member has given notice.

* * *

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a point of order. It has some aspects of a question of privilege. Under the rules of the House, I think this deals with the rights and responsibilities of all members. I would refer to two citations in our rules. Standing Order 65(2), which relates to the practice of establishing standing committees provides:

> Each of the said committees shall elect a chairman and a vice-chairman at the commencement of every session and, if necessary, during the course of a session.

It is well known that when each session commences, the listing of members on committees takes place within a very short period of time. Then, when references are made, the committees are supposed to be constituted immediately. Standing Order 58(15) makes this clear when it says:

● (1512)

> Supplementary estimates shall be referred to a standing committee or committees immediately they are presented in the House. Each such committee shall consider and shall report, or shall be deemed to have reported, the same back to the House not later than three sitting days before the final sitting or the last allotted day in the current period.

I raise this matter because we find ourselves in a very difficult situation. A number of miscellaneous estimates were referred to committees on November 9 last. As I understand it, all the standing committees have been established by now, with the exception of one, the Standing Committee on Broadcasting, Films and Assistance to the Arts. Two announcements were made in the course of the past two weeks that this

committee was to be organized; on two occasions it was announced it would meet for organizational purposes. Yet on each occasion, shortly before the time announced for such meetings, and in one case only half an hour before, they were cancelled, as I understand it, on the instructions of the government whip's office.

These estimates—I refer particularly to those under the umbrella of the Department of the Secretary of State and the Department of Communications—involve some $140 million in public expenditures. Expenditures for which the Secretary of State is responsible represent the fifth largest supplementary estimate. Mr. Speaker, I have no knowledge that this committee will ever be established prior to the expiration of the time available, which is due on some date in December.

I am told informally that the committee might be organized on Thursday of this week, which would, in practice, mean there would be no meetings to discuss matters of a substantive nature until next week. This would leave the committee with little more than a week with which to deal with budgetary items having to do, for instance, with bilingualism, new initiatives in the area of national unity, the activities of a number of Crown Corporations, including the Canada Council, the CBC and the National Film Board. Then, turning to the responsibilities of the Department of Communications, we find the CRTC which was the subject of considerable debate this session.

Mr. Speaker, as the presiding officer of this House you are the protector of the rights and privileges of members. The Standings Orders make it very clear, in Standing Order 58(15), that supplementary estimates shall be referred to a standing committee or committees immediately. We now have a ridiculous situation in which, although the reference was made on November 9, meetings of the committee, after they have been scheduled, have been cancelled unilaterally by the government whip. In effect, this means the committees are unable to meet and do their work.

To my mind, this situation calls for a clear directive, perhaps pursuant to an agreement among the House leaders, which would set dates for these meetings in a binding way. As things are at present, the government whip can cancel meetings for reasons which are unknown to us, and this makes our job even more difficult.

Mr. Cafik: Mr. Speaker, I think the question raised by the hon. member for Egmont is one of legitimate concern, and I hope it will be resolved through discussion among the House leaders. Having regard to the timeframe he mentioned, there is no doubt all hon. members would like to see this matter dealt with at the earliest possible opportunity, and I can assure the hon. member that as deputy House leader I shall look into the matter to make sure it is dealt with as quickly as possible.

[*Translation*]

POST OFFICE

STATEMENT BY MINISTER

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, at the stage of statements by ministers, I am pleased today to deal with a subject which I feel is fundamental and essential to the administration of my department.

[*English*]

Mr. Speaker, as I conceive my responsibilities as Postmaster General, they are twofold. First, I must provide a communications service to all Canadians and, second, I must manage postal operations on a business-like basis. This is a mandate which has been and continues to be difficult to discharge. Because 23 million Canadians are able to communicate daily on an instantaneous basis, they expect, and are entitled to, the most reliable delivery service we can provide in the case of packages and written communications.

[*Translation*]

Mr. Speaker, for reasons beyond the control of the Post Office, its management and work force, expenditures have continued to outstrip revenues. Inflation, rising material and labour costs, competition, and labour-management relations are some of the factors that add up to some very somber reading along the bottom line of our balance sheet. Rapidly rising costs have outstripped the growth in revenue. Our deficit is growing larger by the year. It reached $90.9 million in the fiscal year 1972-73; in fiscal year 1976-77 it had risen to $568.8 million.

[*English*]

This deficit is heavily financed by you, by me and by every other taxpayer because it comes out of general government revenue.

Hon. members will recall that the blue book defines the object of the Post Office as "to provide postal service to the people of Canada at reasonable rates and at a standard of service adequate to meet their needs without incurring subsidization from general taxation." But now, Mr. Speaker, the taxpayer is paying a higher percentage of postal costs, and the postal user is paying less. It is time we began to restore the balance by reducing the cost to the taxpayer, while increasing it to those who are actively using the service.

I should like to take a few moments to give the House a quick rundown of some of the reasons which have led to the present situation and then indicate what we are doing about them.

[*Translation*]

First the costs. A substantial portion of these does not vary with volume. While the mail volume might drop, the number of points of call we must serve will continue to grow. This gives rise to further requests for Post Office services. And as the number of new addresses grows, our costs grow in a way unrelated to income. Indeed, Mr. Speaker, successful federal policies have created the growing number of homes which makes our task that much more difficult.

A further cost factor is transportation, due largely to the rising cost of fuel. It takes a great deal of transport to move six billion pieces of mail a year. That transportation network runs on diesel fuel, aviation kerosene, diesel-electric locomotive fuel and gasoline. We now spend about 20 per cent more on transportation than we did five years ago.

[*English*]

Then there are wages. The Post Office employs about 63,000 people, second only to the Department of National Defence in its total of employees, and salaries account for more than 70 per cent of the operating costs of the department. Since 1968, wages of postal employees have risen by 120 per cent. Over the same period, postal revenues have risen by only 107 per cent. Thus, personnel costs outstrip revenues.

● (1522)

I should now like to turn, Mr. Speaker, to revenues. They are determined by two factors, mail volumes and postal rates. Volumes are continuing to grow but, disappointingly to us, at a slower rate than we once thought they would. Indeed, current volumes at just under six billion pieces a year are historically high, but are approximately one billion pieces short of our prognostications. In terms of parcel delivery, we find that volume is down as well. We are presently at the level we were 20 years ago, having suffered a 22 per cent decrease in our parcel volumes. Service disruptions, coupled with aggressive competition from other forms of communication, are the principal causes of this shortfall.

[*Translation*]

In the area of first class mail, our volumes are continuing to grow, but the mix in the mailstream has changed greatly over the past few years. Today we are heavily dependent on the movement of things like bills, cheques, statements, and so on, especially with the advent of those plastic credit cards, Mr. Speaker. This material now makes up about 40 per cent of all our mail, making us highly vulnerable to any changes in this market.

Also, electronic funds transfer is already undergoing embryonic growth, as members can see for themselves when they do business at their local banks.

[*English*]

With consequent adverse effects on revenues, mail volumes are threatened on several fronts. A further depressing effect on revenues exists with respect to the postal rates themselves. If the Post Office is to survive as a public service and to grow with the rest of Canada, it must solve the problems I have outlined and reverse the trends which are making increasing demands on scarce government resources. I want to emphasize, however, that we are fully committed to fighting inflation and we are already moving in the directions open to us. But we must seek new initiatives now and in the future if we are to improve control over our costs and increase our revenues. I have confidence in the Post Office management, which I consider is doing an excellent job in most trying circumstances.

[*Translation*]

Mechanization is an important ingredient for success, as is public acceptance of the postal code. I am happy to report that business and the general public are now using the postal code on more and more of their mail. At the end of September more than 70 per cent of the national mail stream carried the postal code.

Of course, the most important elements in this equation are postal people. To make mechanization work and to maintain consistently high levels of service, we need full cooperation from all postal employees and their unions who in return, and I want to stress this, Mr. Speaker, must share in any gains achieved by mechanization.

[*English*]

Last month, Mr. Speaker, we signed a new contract with the Letter Carriers Union of Canada. In many ways this was a landmark settlement, because both parties approached the negotiations with a positive problem-solving attitude. Mr. William Dickie, one of the most professional conciliators in Ontario—and indeed Canada—said that he had never seen such a group of people on both sides who were so well prepared, who so fully understood the issues, and whose working relationship was so positive. We will continue our efforts to persuade all postal workers that their own interests lie in co-operative efforts to give the public the best and most economical postal service.

[*Translation*]

Better cost-control measures, increased productivity, and greater mail volumes will help to improve our financial position. By themselves, however, they will not arrest the growth of the deficit. To make any real impression they must be coupled with rate action that will bring in more revenue.

Mr. Speaker, the Post Office is sensitive to the effect of pricing on business-planning, as well as on the private pocketbook. One of the commitments we have undertaken in the past is that we try to give adequate time between pricing announcements and the implementation date, to allow business and the public to adjust to the new rates. Although I would have liked to have given a longer period of notice, I would hope that the more than four months we are providing in this case will prove to be sufficient.

[*English*]

We intend to implement a broad range of price increases to virtually all domestic and international rates, to become effective—and I stress, "to become effective"—on April 1, 1978. The basic first-class letter rate will rise to 14 cents, and there will be appropriate increases in other postal classes and services. Details of the new rates will be spelled out in a news release from my department to be issued today. Postmasters will be given details of the rate revisions immediately.

We estimate that for the fiscal year 1978-79 the increases will bring in about $126.5 million in additional revenue. Along with cost control measures and other revenue-generating initiatives which I outlined earlier, they should make a sub-

stantial impact on the current deficit without imposing undue hardship on either business or the general public.

[*Translation*]

Both the federal and provincial governments have agreed as general policy that possible price increases for their goods and services only reflect the pass-through cost increases since the anti-inflation regulations came into effect in 1975 and that absolute subsidy levels remain constant. Our prices are lower than what they might have been.

Even with these price increases, Canadian postal rates will still be among the lowest in major western countries. Expressed in Canadian dollar equivalents, Australians pay 21 cents for a first class letter and so do the French. It costs the British 16 cents, and Americans 14 cents.

[*English*]

Of course, the price increases still will not cover the total cost of sending a letter. Unlike private companies that can restrict their operations to areas and routes where cost and volume levels guarantee that they can operate at a profit, we as a public service must provide a national service at a uniform, reasonable price.

In conclusion, Mr. Speaker, I am sure that members will recognize that no one, least of all yours truly, will shoot to the top of any popularity poll by announcing postal increases. But at least I hope I have been able to demonstrate today, in the short period which has been available to me—although I will be able to give further elucidation following questions hon. members will put to me—that if the Post Office is to maintain its present level of contribution to Canadian society, it must establish a better correlation between postal rates and the cost of providing postal services.

[*Translation*]

Mr. Speaker, I am anxious to hear the questions of hon. members from both sides of the House since they are all interested in the Post Office Department, regardless of party.

[*English*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, if hon. members were to ask all the questions which were close to their heart with respect to the Post Office Department, I am afraid they would be here not only today but tomorrow and for many days ahead, because this is one of the most controversial of government departments. The Postmaster General has indicated that his mandate is to provide postal service to the people of Canada at reasonable rates and at a standard of service adequate to meet their needs without incurring subsidization from general taxation. The immediate response from the official opposition is that the standard of service is not adequate, nor are the rates reasonable for the quality of service rendered.

• (1532)

Some hon. Members: Hear, hear!

Mr. Dinsdale: I am sure the Postmaster General is aware that there are complaints that come rolling in, not only from the Canadian public but from his own workers and from management. There have been public complaints in Toronto, where a good percentage of the mail is handled, from high levels of management, and one of the more moderate leaders in the Canadian Union of Postal Workers resigned there recently. I feel this constitutes a rather severe setback in the continuing attempt to establish more cordial labour-management relations.

Also, of course, the complaints of the postal users are proverbial. As the opposition spokesman, I spend a great deal of my time dealing with those complaints which come from all parts of Canada. Even the Prime Minister joined the chorus when he uttered that classic criticism which everybody knows "The postal service is lousy".

An hon. Member: I say the same thing.

Mr. Dinsdale: Some of the criticisms have turned to good-natured humour—and humour can be the most effective criticism. I suppose the general public, as they face another postal increase, will come up with the old observation that obviously the increased rates are the result of the increased storage costs.

The Postmaster General said that for reasons beyond the control of the Post Office, its management and work force expenditures have continued to outstrip revenues. I hope to demonstrate how we can bring about improvements in the Post Office Department which will restore the efficiency and high morale which once made it one of the best government departments. Primarily, I wish to point out to the Postmaster General that what he is doing is illegal. He knows it is illegal because the Standing Committee on Statutory Instruments, in a unanimous report issued last May, stated that the Post Office Department had illegally increased first-class postal rates. Notwithstanding that admonition from a very important parliamentary committee of the House of Commons, and also from repeated comments of the Auditor General, the minister persists in this illegality.

Some hon. Members: Shame on him.

Mr. Dinsdale: In his statement, Mr. Speaker, the Postmaster General said, "I must manage the postal operations on a businesslike basis." This, unfortunately for the people of Canada, is precisely what the hon. gentleman has failed to do. The postal operation is an industry, and as an industry it is not operating efficiently. As a result, it is not providing an efficient, reliable communications service to all Canadians, which is another point in the mandate the minister outlined this afternoon.

Malaise in the Post Office—and the word "malaise" is one of the favourite words of the former postmaster general, the hon. Bryce Mackasey, for describing the growing problems within the Post Office Department—has been pointed out many times in this House and in other forums across the nation. The Post Office Department itself went so far as to publish a book at public expense in June, 1976, which was a compilation of the speeches of the former postmaster general, under the pessimistic title "What's Behind the Lemming

Urge". Unhappily, nothing has happened since that time to change the Lemming-like rush of the Post Office to self-destruction that Bryce Mackasey describes so vividly in that book.

An hon. Member: "Lemon" or "lemming"?

Mr. Dinsdale: Lemming. Little creatures all proceeding rank upon rank toward the precipice of destruction. I am going to quote from the minister's comments today to demonstrate that what I am saying is confirmed by some of the points he made. The Postmaster General said that there is a growing deficit in the Post Office Department, with decreasing revenues, and decreasing volume.

The decline of one million pieces in the forecast volume of mail, and the drop in parcel volumes to the level of twenty years ago, are symptoms of major problems in the Post Office. Surely they are indices that something is drastically wrong, when parcel post service is down to the level of twenty years ago, notwithstanding merchandising gimmicks such as postpak and mechanization at the Gateway plant at Mississauga that was supposed to increase volume and thereby improve the financial position of the Post Office Department.

I suggest to the Postmaster General that infusions of additional cash by frequent increases in postal rates is dealing with the symptoms rather than the disease.

Along with internal malaise, the postal service is faced with serious external threats. The Postmaster General refers to electronic communication as already undergoing embryonic growth. That is the phrase which I abstracted from his statement today. Surely he must be aware that this technology is now in place and Canada is poised for the great leap forward. If permission were given to allow electronic fund transfers, such as bills, cheques, bank statements and transactions of that kind, both in the private and the public sector, 70 per cent of mail volume would be lost—and already the forecast volume is down by one million pieces. Surely this is a state of affairs in the Post Office Department that requires more than periodic rate increases, as has been the action taken under the mandate of the present incumbent.

An hon. Member: Go back to the pony express.

Mr. Dinsdale: I further point out, Mr. Speaker, that this technology is in operation in West Germany, as I discovered during a fact-finding visit to Germany in September, along with the hon. member for Parry Sound-Muskoka. We also discovered another significant piece of information with respect to Canada's problem. Because of the boom in electronic communication which the hon. gentleman says is in its embryonic state in Canada—I am sure he does not mean that—West Germany has frozen further mechanization and automation in their service. They have only five or six plants automated, because they have stopped the whole process of automation and mechanization.

An even more disturbing piece of information we gleaned was that they have sold to Canada some of their surplus Telefunken equipment which was intended for domestic use in Germany. Canada has been moving post-haste—if I can use that word with respect to the Post Office—in recent years to totally and completely mechanize their postal operation. I am sure it occurs to the hon. gentleman that Canada can be locked into an expensive program of mechanization and automation just at a time when electronic communication has rendered that program obsolete. It is going to require a lot of sober second thought with respect to the solutions which management must decide upon in order to solve the growing problems of Post Office service.

• (1542)

It should be noted that one of the major reasons for confrontation in labour-management relations is the automation program which was foisted upon the inside workers without prior consultation or knowledge. The information was passed on in the form of Comteam bulletins, but that was after the fact. In the United Kingdom they were unable to proceed with mechanization until labour and management were brought together, along with the postal users, thus proving that these tremendous challenges being felt in all democratic countries can be solved constructively and positively.

Our attitude has been positive throughout this long, continuing debate. In face of the forces which are threatening to destroy Canada's postal service, the Postmaster General was scheduled to make a speech to the postal users' conference last year. It was the best of his speeches I have read, and I wish he would accept its authorship. He recognized that the current trends will be insurmountable unless we come to grips with them very quickly.

We in the official opposition believe it is possible to restore the Post Office to its former efficiency. From time to time we have put forward specific recommendations. From what has been said here today, it is obvious that an independent investigation of the Post Office must be undertaken immediately. Surely that is elementary. The Canadian Union of Postal Workers called for a royal commission last spring. Almost simultaneously the official opposition recommended a parliamentary committee investigation which would achieve more immediate results.

The problem is so urgent that immediate decisions must be made. The investigation should consider the issue of transforming the Post Office into a Crown corporation. This change would make it easier to introduce modern industrial relations into the Post Office, thereby helping to avoid the confrontation which exists between CUPW and management. This is one of the main causes of the deterioration of the postal service. This fundamental and essential service cannot face repeated strikes without destroying the reputation, efficiency and reliability of the Post Office.

The Postmaster General pointed out that co-operation has been achieved between management and the Letter Carriers Union of Canada. They are not in the front line of the impact of mechanization because they do not work directly in the plants affected. The same spirit of co-operation which is now

being achieved under very responsible leadership by the LCUC can be achieved, also, with respect to the Canadian Union of Postal Workers provided there is a deliberate and concerted attempt to indicate that management will deal with some of the fundamental problems and criticisms. The Postmaster General has an opportunity to accomplish that, because negotiations are currently going forward. This is a golden opportunity.

Because of the mixed-up state of affairs in the Post Office Department by reason of the failure of the government to recognize it as an important industry, the Postmaster General has been unable to come to grips with the continuing labour problems. The mixed-up state of affairs in that department brings together the following: the Treasury Board to handle wage negotiations, Public Works to handle decommodation, and Labour to handle labour problems. Even Supply and Services gets into the act on mechanization. Post offices in other democratic countries have had to face the same problems confronting Canada today. While they have raised postal rates because inflationary circumstances demanded that post offices have some increase in revenue, they have also made fundamental changes in administration. This has taken place in the United Kingdom, the United States and West Germany where management, labour and the postal users are working together for an efficient, modern postal service.

These groups must sit down together. The process of Comteam communications is not enough. There must be co-determination, and they must sit around a table face to face. There must be personal confidence established between the individuals taking part in the dialogue. The process of co-determination must be used to make decisions for resolving postal problems. They must sit down together in order to resolve some of the problems referred to by the Postmaster General. This is industrial democracy that will be required to overcome the problems of Canada's postal service.

Finally, I should like to strongly emphasize that the Postmaster General is making a fundamental mistake—which I am sure he realizes—by arbitrarily announcing substantial increases in postal rates. He has indicated that we have been given ample warning and by April 1 the users will have overcome the shock. By this time he should realize that there will be the usual protests from small businessmen, book publishers, senior citizens and other Canadians who are totally dependent upon a postal service at reasonable rates.

The Postmaster General has failed to go through the basic consultative process that is necessary to prepare for a development of this kind. I will be kept busy in the next weeks dealing with publishers and independent businessmen in an attempt to explain what makes the Postmaster General tick, which is a difficult job for a member of the official opposition. What the government is doing is illegal, as was indicated by the Standing Committee on Regulations and Other Statutory Instruments last May 11.

The Acting Speaker (Mr. Turner): I would inform the hon. member for Brandon-Souris that the hon. Postmaster General took 14 minutes, and the hon. member has exceeded that time. When will the hon. member close his remarks?

Mr. Dinsdale: Mr. Speaker, I am in my final paragraph. Your Honour has a very good sense of timing in realizing that I was coming to the climax.

It is illegal, as was pointed out by a standing committee of the House of Commons. Last May 18 we asked the Postmaster General to refer the issue to the Supreme Court for a definite opinion. Today I ask him, once again, to defer the proposed increases until the Supreme Court has expressed itself on the matter and the necessary amendments to the Post Office Act can be brought in. On this issue, surely the government can operate within the law.

● (1552)

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, first I want to express my dissatisfaction with the fact that although, apparently, the Postmaster General mailed the text of his remarks this afternoon to my leader and to my House leader, as of now we have not yet received a copy. I think that to use the mail service to deliver copies of documents to members is doing a disservice to members. This has been the case so far as our party is concerned.

There is certainly no doubt in the minds of Canadians that something is wrong in the postal service of Canada, and I am glad to see that the minister has at least put his finger on the problem in the following statement as it appears on page 4 of this borrowed text of the minister's speech: "Of course, the most important elements in this equation are the postal people. To make mechanization work and to maintain consistently high levels of service, we need full co-operation from all postal employees and their unions who must share in any gains achieved by mechanization."

There is no Canadian who is not fully aware of the fact that something is wrong in the state of Denmark. Surely the minister has heard it stated often enough in this country that the whole question of mechanization within the Post Office has created a great many problems for those workers who are directly affected by it, namely, members of the Canadian Union of Postal Employees. This dissatisfaction with technological change in the Post Office has led to wildcat strikes and to lengthy strikes.

When the previous postmaster general, Bryce Mackasey, brought in the same goals as are in the Canada Labour Code into the contract with the postal employees, he said the government had the answer. Obviously, we do not have the answer because we are still bogged down with the same problems in honouring that clause in the contract, namely, clause 127. The Post Office management is still trying to run around the ends of the very clause they put in to eliminate problems with respect to technological change.

So the people of this country are fully aware of the fact that there are management-employee problems. Even though the Postmaster General said, on taking office, that he does not know much about industrial relations and negotiations, very

soon afterwards he became an expert on the subject, and now suddenly he is carrying the can for management. There is another problem as well which the Postmaster General has identified. It seems to me that it amounts to a miscalculation on the part of the Post Office Department. For example, they have admitted that the electronic funds transfer is undergoing an embryonic growth, as hon. members can see for themselves when they do business at their local branches, they have all the high-priced help in the Post Office Department, all the economists and planners needed, yet they do not look down the road to see that electronic funds transfers will be introduced and will affect the department.

The Postmaster General admits that there has been a miscalculation in the volume of mail in the Post Office. What are we paying our bureaucrats $40,000, $50,000 and $60,000 a year for? It is a waste of the taxpayers' money if they cannot do better forecasting than that. The minister admits all this. He says, "We have miscalculated" and, "We have a human problem in the Post Office". But what do we get? He announces an increase in the first-class mail rate from 12 cents to 14 cents. I suspect that one cent out of the two cents is for sending mail to the RCMP headquarters so they do not have to go to the Post Office Department to open it.

The minister increased the first-class mail rates by 17 per cent: I worked it out. It seems to me that by doing this he has exceeded the guidelines that we have set for the workers. We have a 17 per cent increase on first-class mail, but what is the increase on junk mail? The minister says: "... there will be appropriate increases in other postal classes and services. Details of the new rates will be spelled out in a news release from my department to be issued today. Postmasters will be given details of the rate revisions."

That is also one of the problems. We are carrying a lot of these newspapers, junk mail, catalogues and the rest of it. The taxpayers are subsidizing all this. Again, the little people are being asked to pick up the 2 cents increase on first-class mail. The Post Office Department officials have miscalculated their revenues, and it is very convenient now for the minister to run to the House and announce an increase in the first-class mail rate. This increase is totally unacceptable to the NDP because, in effect, we are bailing out the Post Office Department.

The people are aware of the fact that there is a problem. The postal workers have called for the establishment of a royal commission to look into the department. Every commission that has studied the Post Office in the past, and every previous postmaster general, has recommended the transformation of the Post Office Department into a Crown corporation. An indication of the state of affairs in the department is that there have been five postmasters general in the last seven years. That is certainly an indictment of the department and an indication that it is topsy-turvy.

If ever there was a need to streamline the Post Office Department by making it into a Crown corporation which would be accountable to parliament, it is now. Now, is the time to do it. Every time the Postmaster General comes here and grabs two cents more on first-class mail, or makes any other increase in mail rates, we avoid making the tough decision and taking a close look at the way in which the Post Office is run, making recommendations and following them through to ensure that the Canadian people get the best possible service for the price they pay.

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I was somewhat surprised to hear the speech of the Postmaster General (Mr. Blais). I did receive a copy of his speech in both official languages delivered by hand, not by mail, before coming to the House, and I thank him for it; that is probably why I received it and the representatives of the New Democratic Party did not. But, on the other hand, as usual the Post Office is mixed up and consequently the paper was sent to the office of my colleague, the hon. member for Villeneuve, rather than mine although it was addressed to me.

We see once again—and the minister explains it clearly in his mini-speech—that the Post Office is not administered on a businesslike basis. The minister can say that it should be administered that way but he then goes on to prove that it is not being actually administered on a businesslike basis. We knew, and the minister said, that in 1972-73 the deficit stood at $90.9 million. Logically speaking, a businesslike attitude would have meant trying to reduce the deficit, not passing on the cost of the lack of administrative capability of the minister and his predecessor. And in 1976-77 we have a deficit of $568.8 million—and that is the minister's figure. He thinks the department is being well administered, administered intelligently, and so it will not look too bad this year because the anticipated deficit is $717 million. They say they are going to reduce this 1978-79 deficit by increasing first class rates once again from 12 cents to 14 cents hoping to go and get an additional $126 million.

On the other hand, the same paper says that an increase in mail volume had actually been anticipated which did not materialize. That is quite understandable. This cannot happen with the service offered by the Post Office when it takes a week to send a letter from Ottawa to Rouyn in the riding of Témiscamingue; in many cases, it takes a week and a half to send a letter from a parish in Témiscamingue to Ottawa. They can complain that prices went up, that gas went up, that it costs more to send mail by train than by plane. Now we realize that generally speaking the department is not trying to solve the problem. We do not get the kind of service we were used to in the fifties when we could expect a letter mailed in Montreal for Ottawa to arrive at destination the next day or the day after that. But today we can hardly rely on the postal service. It is so bad that, as some members have indicated, for urgent matters it is better to forget about the postal service and turn to private enterprise instead.

The minister says that the department is trying to reduce the deficit and is still investing money and he talks about sound management; I can give him an example of sound management on the part of his department. Last year the government decided to increase—as it plans to do this year—the postage cost for a letter sent first class mail. This became

effective in April, and not so long ago, at the beginning of the year, on March 16, 1977, a communiqué from the Post Office Department to its employees, the postmasters of the entire country, clearly said: Prices are being increased and you should not expect—I would like to read the second item of information sheet SF-7717 dated March 16, 1977. For the minister's information, this communiqué said: Rolls and booklets of the new 12 cent stamps will not be available for at least one year.

Prices had just been changed. This year, the rates will be increased from 12 cents to 14 cents, but the post offices in northwest Quebec have not yet received the 12 cent stamps. And this is called a good service and a healthy administration.

It is easy to see how the Post Office is administered. Enormous deficits are accumulated. What is the minister proposing to solve this problem? I do not want to know what the minister is asking of Canadian taxpayers to pay for the deficits accumulated because of his bad management; I would like to know what he intends to do to reduce the excessive cost of the Post Office Department and to improve the service provided to the entire country. Then, people might be interested in paying a bit more for the stamps that they will stick on their envelopes.

The minister says that his experts are shocked at the decrease in the number of mail items. This is understandable since they are asked to pay twice as much for four times less service. This will continue of course, but it is always the small municipalities which suffer. In the release attached to his speech the minister says that it will be possible to save 50 cents on postage for a ten-pound airmail parcel or $2 on a 50-pound airmail parcel sent from Montreal to Toronto. It is all very well for those cities. But it is the peripheral areas which make a massive use of the mail service that finally have to pay the cost of bad management in the Post Office Department. In major centres, as the minister says in his speech, there is electronic communication for banking transactions; of course, in large cities, there is a mail service between businesses and industries. Why? Because the Post Office Department does not provide adequate service. But it is the people in peripheral and far away areas who must shoulder the heavy losses resulting from this administrative chaos. As I was saying a while ago, a letter needs from a week to a week and a half to get to the next parish, because automation forces it to pass first through a distribution centre, then through a sorting centre, then to return to the distribution centre and finally from there to the next village. That is what automation has meant in addition to a $568 million deficit.

We are not satisfied with the minister's decision generally, and I am anxious to see the minister rise and hear him tell us of the way he intends to solve the administrative problems afflicting his department, instead of always burdening the taxpayers who are the users of the postal service with the effects of wrong decisions.

To conclude, Mr. Speaker, I suggest to the minister that all hon. members are interested indeed in the Post Office, as he said as he was about to conclude his own speech, and so are those who are using the Post Office as a means of communication within our constituencies, namely, the people who are entitled to adequate services throughout this country and who are not getting them.

As the minister said, we still find some places where they have to open new offices, while in some remote areas, with 10-year lease contracts, they have to renew those contracts, and pay increases to people who rent those premises. That is still under discussion. Those things cannot be paid. There are some delays and they said: We have to increase prices to cover expenses, but in many cases, they do not pay for expenses and they delay payments.

Then, generally speaking, Mr. Speaker, that is simply acceptance. The minister stated indirectly today that he knows his department is badly administered but that all he is prepared to do is to overtax postal service users as much as the others who will have to pay taxes. All this party did since they are in government is to let things get rotten and they continue to charge and to blame Canadian people.

• (1602)

[*English*]

Mr. Speaker: Order, please. This is the kind of statement which is an announcement of a change that is going to take place at some time. Therefore, I realize there should be questions asked today, but they ought to be of a general nature. Opportunities ought to arise to pursue the matter in detail on other occasions, but I think it appropriate to recognize two or three questioners today.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the minister has announced an increase in the first-class mail rate and has said, if I follow him correctly, that a press release will be issued by his department announcing what the increases will be in other categories. It has been my experience that successive postmasters general have been very quick to point out the deficits in first-class mail and increases in the rates, but have been somewhat reluctant to give the House information about the deficits incurred in carrying other classes of mail. I think particularly of—

• (1612)

Mr. Knowles (Winnipeg North Centre): Junk mail.

Mr. Douglas (Nanaimo-Cowichan-The Islands): —junk mail and advertising on the basis of household deliveries, some newspapers and other advertising material. It does not seem to be satisfactory merely to tell us that the cost of first-class mail will go from 12 cents to 14 cents, and leave it to a press release from his department to give us the other information.

Can the minister now tell us what the deficit has been in the other classes of mail and, by comparison, what the increase in the costs of these other categories of mail will be and what that increased cost will do to reduce the deficits in those various classes of mail? If he does not have the information with him now, will he undertake to present it by way of a statement on

motions or by asking permission of the House tomorrow or the day after to have it included in *Hansard*?

Mr. Blais: Mr. Speaker, the information the hon. gentleman requests is very detailed. I can tell him that this is the first time in the history of new rate proposals that the total rate structure for all classes of mail is being changed upward. As I indicated, the increase for first-class mail is 2 cents, likewise for third-class, addressed mail; and for second-class mail the increase ranges between 24 per cent and 25 per cent. That is for publishers' mail, publications, newspapers, etc., which come within the second-class classification. The hon. gentleman will recognize that there is a very wide range of rate changes in each one of the classifications, and it is very difficult for me to start analysing each and every increase for the benefit of hon. members. I thought it would be more informative for me to make available to hon. members and to the public generally the exact nature of those rate increases by way of a press release.

In terms of the question of deficits in the various classes, here again the deficits vary in accordance with the individual rate which is being sought. As the hon. gentleman knows, in terms of second-class postage it is a highly subsidized rate. The Post Office has been carrying the can as part of government policy in terms of printed material and the distribution of published material, including daily newspapers and weeklies. We are incurring deficits which we can properly identify, but with some difficulty, as the hon. gentleman might well imagine. We are trying to minimize the deficit in terms of first-class mail, but as I indicated in my address, a deficit is still going to be experienced.

The hon. member for Winnipeg North Centre referred very impolitely to commercial mail. I call it advertising mail. It is revenue-producing and it is generally on a cost recovery basis save and except in those areas where we are still competing and trying to increase our market. We are doing that as a business initiative to attempt to enter to a greater extent into that particular market in order to increase our revenue in the long term.

I do not want to elaborate too much. I am sure the hon. gentleman will have on his desk tomorrow the press release giving the specific increases in rates for all the various classes of mail.

Mr. Douglas (Nanaimo-Cowichan-The Islands): One of the features which disturbs people, in addition to the cost of mail, is the whole question of the confidentiality of mail. I wonder why the minister has not made a statement on motions similar to the statement he made to the press last week in which he said the Post Office had lost control of the issue because no one in the Ottawa headquarters knew of the collaboration with the RCMP. He went on to make a great many other statements, which I will not bother to quote at this time. But it seems to me this whole question is something on which the minister ought to have made a statement at some time.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

Mr. Speaker: That is a valiant effort to raise another subject. However, I think it falls outside the ambit of this particular statement by the minister. The hon. member for Nickel Belt.

Mr. Rodriguez: Mr. Speaker, in view of the fact that the Postmaster General admitted that his department miscalculated in terms of electronic funds transfers, and in view of the fact that electronic communication is certainly changing the whole aspect of mail service, can the minister tell the House what studies have been undertaken, or if there have been any, by his highly paid bureaucrats with respect to the future of communications in this country? Because we have already invested $1 billion in machinery to move mail quickly, can the minister tell the House whether there are any studies, and is he prepared to table the studies so that members of parliament can see the great forecasting of his department?

Mr. Blais: Mr. Speaker, I thought the hon. member for Nickel Belt was interested in the Post Office. If he were, he would surely have seen a number of public statements I have made. I flatter myself in believing that the hon. member for Brandon-Souris reads every speech that I make. He quotes from them widely. I would have hoped the hon. member for Nickel Belt would have been doing the same. Evidently he has not. I have said on a number of occasions that we are, indeed, concerned about EFTS, and we are monitoring activities not only to ascertain how EFTS is proceeding but also to ascertain the vulnerability of the Post Office.

If I might be permitted, I would like to use the hon. member as a channel to some of his friends—who are not in this House but with whom I have dealings, although not as cordial as the dealings I have with my hon. friend—to advise them that EFTS is a serious threat. The hon. member recognizes that it is a serious threat and that we can lose, not 70 per cent of our volume, which would indeed be fatal, but up to 40 per cent of our volume unless we can obtain the co-operation of the CUPW membership. I have said that quite often. I have recognized that mechanization is a process which is irreversible. I have recognized that any increase in productivity has to be shared with the workers. The hon. member has agreed with me on that.

Having said that, and having recognized the intentions of the Post Office, I ask the hon. member to solicit the co-operation of CUPW so that we can improve our services, increase our efficiency and identify those areas where we can accelerate our service in order to compete effectively and efficiently with the electronics media. This media includes digital computer transfer of messages, EFTS and other electronic means of communications which are now taking great amounts of the potential earnings of the Post Office. That interference with our revenue has been aided in the past not by just one union but by the general labour relations atmosphere in the Post Office, which I have been trying with every effort to correct since my appointment. I have been successful with reference to all but one of the major unions within the Post Office.

The hon. member for Brandon-Souris was speaking of industrial democracy a while ago. I fully agree with him. I am attempting to get our feet under a table together with CUPW, not necessarily for negotiations but for finding solutions to some of the problems which are making us more vulnerable to electronic means of communication.

Mr. Rodriguez: Mr. Speaker, I am always very interested in the speeches of the Postmaster General, but he is cancelling out the speeches he made in Sault Ste. Marie and Nickel Belt. I want to assure the minister that I have spoken with my friends in CUPW, and I say to the minister quite honestly and frankly that if he is prepared to honour the agreement he signed with CUPW, CUPW is prepared to sit down at the table and negotiate a new contract.

● (1622)

In view of the fact that he has correctly identified the major problem in the Post Office as being one of management-worker relationships, is he prepared to have management stop harassment of this one group of workers, CUPW, in terms of posting on their bulletin boards material which is already public knowledge? Why does he persist in having management interfere with the rights of workers on the job, creating friction which is not necessary, at the time they are attempting to negotiate a new contract? That is the first question. Will he assure the House that management has been instructed not to interfere with the communication rights of the leadership of CUPW with its members?

Second, now that first-class and other postal rates are being increased, will he assure the House and the people of Canada that the Post Office management will honour the contractual agreement signed by his predecessor with regard to technological change and the required notice when changes come into effect, and stop trying to run around the end of the agreement?

Mr. Blais: Mr. Speaker, with regard to the question of the first undertaking, I wrote to the president of the Canadian Union of Postal Workers. I agreed that it had always been Post Office policy to permit communication between union representatives and the members. I think the hon. member is a bit exercised about one instance in Winnipeg—one instance in 8,600 postal establishments. I suggest that the exception proves the rule. If all that hon. member can call to my attention is one instance in the more than two months since I made that declaration, I think we are doing very well indeed.

In terms of the second undertaking, the collective agreement that is now in force and which, in effect, was supposed to have come to an end on June 30, as the hon. member knows, we have honoured that collective agreement, although there has been some difficulty in interpretation. Now, when parties are negotiating a new collective agreement, is the time, to try to iron out any disagreements that arise as a result of difficulties in interpretation. That is exactly our intention. Indeed, I point out to the hon. member that, in the negotiations with the letter carriers we not only negotiated the contract, but in order to avoid any misunderstanding we also negotiated interpretative guidelines for that particular contract. Indeed, there is no danger, with the letter carriers, that we can have any sort of difference in terms of how to interpret the various clauses.

What we are attempting to do during these negotiations is to improve the labour-management climate with CUPW in the hope of smoothing out any differences there may be in interpretation. We are having some success. It is slow, but, as I indicated to the hon. member, we are eminently patient. The union seems to be patient as well. Our own postal negotiators, not Treasury Board negotiators—because the Post Office is delegated to negotiate all its collective agreements—are meeting with the union as often as possible in order to sign as many articles as possible. To date, save for a few exceptions, the attitude and the atmosphere of the negotiations have markedly improved. We are going through this Christmas period without any threat of strikes. I am hopeful that by very early in the new year we will have a collective agreement signed with the Canadian Union of Postal Workers.

Mr. Speaker: Order, please. I think we ought to conclude questioning with the hon. member for Villeneuve, the hon. member for Brandon-Souris and the hon. member for Gatineau.

[*Translation*]

Mr. Armand Caouette (Villeneuve): Mr. Speaker, I have one or two questions for the Postmaster General.

First, given the fact that he has asked for an increase in postal rates, can he tell us if once and for all he is going to satisfy the claims of citizens of remote areas such as northwestern Quebec where the post offices have become inadequate or obsolete due to the demographic increase or the rising volume of mail produced there.

My second question is as follows: Is the Postmaster General going to yield to the demands of some postmasters who, for eight, nine or ten years now have signed long term leases, and have asked for an adjustment of the lease prices since they are doing all they can to give better service to the public?

Mr. Blais: I am very pleased to be able to give an answer to the hon. member for he has mentioned areas of Canada which, as he identifies them, truly demonstrate the national character of the postal service. As you know, Mr. Speaker, what happens is that our competitors are looking for revenue in each of the big urban centres and in so doing compete with the Post Office while our national postal service is trying its best to provide services for the whole of the Canadian population.

Last Friday, I participated in the first issue of a new stamp and I had meetings with Inuit people in the northeastern Arctic region, which is an area administered by the postal region of the province of Quebec. The hon. member is certainly well aware of how difficult it is to provide a service to the northern regions such as those located north of the 60th parallel. However, the same principles as elsewhere apply regarding the postal service that we provide in areas such as Témiscamingue, Abitibi and the whole northwestern part of

Quebec as well as the northeastern part of Ontario. I am quite aware of that.

Now, as for the problem of postal stations, I cannot make a general statement dealing with each one of the postal stations within the member's riding, or generally speaking within the Abitibi region, but I am prepared to listen to the representations he would like to make to me in order to see what kind of flexibility could be reached within the framework of our existing contracts and regulations in order to provide for the needs of the postal contractors of that region. I can assure the member that profit is indeed not our prime motivation in the Canadian north but rather the concern to provide a public service. All Canadians must be aware that we are trying to carry out our responsibilities as best we can and that in providing services in those regions, we cannot expect a sizeable revenue given the volume of mail and the distances to be covered.

[*English*]

Mr. Dinsdale: Mr. Speaker, I have already asked my question. I had hoped the Postmaster General would have responded. It was asked in the form of a suggestion that the minister should refer the whole question of increases in postal rates by order in council to the Supreme Court, in light of the strong, unanimous condemnation in the report of the Standing Committee on Statutory Instruments that was issued earlier this year. I know that he has misgivings with regard to the legality of what he is doing. I know he contemplates amendments to the Post Office Act so that any possible suggestion of illegality will be removed.

I suggest that referring this question to the Supreme Court is one way of getting a decision, or he should bring in the necessary amendments to the act. That would make it possible to assure the public of Canada and this House that increasing rates in this way is within the law. Perhaps even more important, why does he not proceed to the fundamental changes that are becoming increasingly obvious with regard to Post Office operations? Other countries faced with the vexing problem of inflation have been able to get around it without too much protest by setting up commissions on postal rates and commissions on postal rates set comprising representatives of labour, management and postal users. They sit around the table and decide, in light of all the factors, whether an increase is necessary. The postal users conference has not really become an official organization, but the Postmaster General meets with it at least once a year—

● (1632)

Mr. Speaker: Order. I do not want to permit the hon. member to make a further response to the statement. I understood he was asking the minister a question.

Mr. Blais: Mr. Speaker, I am constantly amazed at the selective analysis the hon. gentleman derives from his own experience. He would, surely, be the first to admit that the commission concept with respect to the establishment of postal rates is a lousy concept and that it is not working. The commission is having more difficulty in making up its mind to increase postal rates than the hon. member had when he was postmaster general.

Mr. Dinsdale: I was never postmaster general.

Mr. Blais: I thought you had been. When the opposition was governing the country, it did not dare to increase postal rates. It was not taking its responsibilities sufficiently seriously. I might point out that there is a monstrous deficit today in the United States, where the government has created a public corporation and established a commission. They are finding great difficulty in getting a decision from their commission with respect to increases in postal rates. The post office there is facing huge, ongoing deficits, yet they cannot get the commissioners to move. As a result, there is increasing pressure from the elected representatives who say: Restore the old control system, because we have to pay for the post office yet we have no control over it.

In terms of the legality of my proposal, here again the hon. gentleman is making a very selective analysis. The statutory instruments committee never said the use of section 13 was illegal. I am satisfied that the use of section 13 of the Financial Administration Act is legal. I am acting under that legislation. If the hon. gentleman is serious in suggesting that the statutory instruments committee has indicated there was illegality, may I say this to him: I recall that the report was tabled in the House and that it was not subject to futher debate. It died on the order paper. If there was an issue which ought to have been raised at that time, why was that not done by the hon. gentleman, who seems to have a great deal of interest in what I am doing today?

Mr. Dinsdale: The Postmaster General paid me the compliment of suggesting that I am an avid reader of his speeches. There was one of his speeches a copy of which he did not send me, but I have seen it reported in the press. It was a speech made in his constituency, and obviously he was discussing some of the ongoing problems in the Post Office with some of his constituents who were rather unhappy about the situation. They asked him when he was going to introduce into the management of the department the fundamental changes which are necessary. The minister replied that they would be forthcoming, but not until after the election. Why not proceed before the election?

Mr. Blais: That must have been a meeting in camera.

[*Translation*]

Mr. Clermont: Mr. Speaker, the Postmaster General mentioned in his statement as the main reason for the increase in postal rates the deficit his department has been facing for many years and particularly from 71-72 to 76-77.

Could the minister also announce other revenue opportunities and particularly some developments as regards parcel delivery to compete with the private sector? We know very well that seven or eight years ago parcel delivery by the private

sector was almost unknown. Now it is a business competing with the Post Office department.

Could the minister also tell us what steps have been taken to compete with that business. Could he also tell us what will be the effect of the postal rates on small business and the economy in general as it has been mentioned that it could also represent an additional cost for individuals and senior citizens?

Mr. Blais: Mr. Speaker, of course there will be an impact on the small businessman, but on the other hand we want to eliminate the subsidies we are granting directly to every Canadian taxpayer. With the deficit we have to face, it means that every Canadian must pay $25 a year in taxes to maintain the postal service. There are very few businesses, small businesses or individuals that are spending as much money on the Canadian postal service as on private enterprise service.

As concerns small businesses, we are trying at the same time that we raise our rates to improve our communications with them, to encourage our postmasters in various communities to discuss the improvements that should be made in services and to inform small businesses on the best way to use the postal service and to provide them with a more efficient means of communication. Mr. Speaker, I might say that among all post office users, small entreprises are the ones most adversely affected by service interruptions caused by strikes or other work stoppages.

Therefore, I have always considered as my duty since my appointment to suppress those interruptions and, up to now, there has definitely been success and I hope that in the future we will eliminate the word "strike" from our postal vocabulary. I sincerely hope the hon. member will support us in this respect. Concerning the second part of his question, we are competing as effectively as possible with private enterprise which is providing services in parcel delivery. We are opposing an application made by the American UPS which wants to extend its parcel delivery service in Canada. We are now in court. We were successful in opposing them before and we hope that eventually they will decide to go back home and stay in Germany because, as the hon. member for Brandon-Souris (Mr. Dinsdale) just suggested, what happened in Germany is that close to 50 per cent of parcel revenues were lost to the organization called UPS. From there the postal service went into, not a study, but the establishment of an express delivery system between major centres where there was a need for it.

We have recognized that the service must meet the increased demand in the marketplace for additional services never before offered by the department. Heretofore this had been covered by the intrusion of and swarming by private courier services in that market, but we are now doing a very aggressive penetration to take away from them as much business as we can. We have established the service referred to by the hon. member, that is between major centres like Montreal and Toronto, Calgary and Edmonton. We are now joining in the competition for the so-called Premium Mail Service, and we hope we can eventually increase our revenues by competing more efficiently with private enterprise in the marketplace.

Mr. Clermont: Mr. Speaker, the minister spoke of strikes. What progress has been made in the way of reducing differences in the postal sector, because each work stoppage or strike, entails increased expenditures for the department?

Mr. Blais: Mr. Speaker, as I indicated earlier to the hon. member for Brandon-Souris (Mr. Dinsdale), we have established an inter-group system very much in the spirit of true industrial democracy, under which there must be two channels of communications with employees, that is delivery men and postal officers. The negotiations channel we obviously enter into each year is also a channel of consultations at every level, national, regional, district and local. Employees, that is delivery men and their supervisors, meet with management to discuss their problems and eliminate—

● (1642)

[*English*]

Mr. Speaker: Order. I do not want to interrupt the minister, but I have turned down other members who have tried to get into areas other than the Post Office. We are now branching off into labour relations, which I think is a new subject.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-11

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, in accordance with Standing Order 75C, I wish to inform the House that it has not been possible for the representatives of the parties to reach an agreement pursuant to Standing Order 75A or 75B with regard to the allocation of time for the second reading stage of Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds. Therefore, I wish to give notice that I shall move, at the next sitting of the House, that five additional hours be allocated to the second reading stage of the said bill.

Mr. Paproski: Closure.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 182, 271, 288, 381, 404 and 410.

Order Paper Questions

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO CANADA INSTITUTE FOR SCIENTIFIC AND TECHNICAL INFORMATION

Question No. 182—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canada Institute for Scientific and Technical Information and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the National Research Council is concerned, the answer is as follows: 1. Three (3), of which one (1) is a retired public servant.

2. (a) None. (b) $4,100 of which $1,300 was to a retired public servant.

BUREAU OF PENSION ADVOCATES—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 271—**Mr. McKenzie:**

1. Has the Bureau of Pension Advocates obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Bureau of Pension Advocates in (i) 1975 (ii) 1976?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. (a)(v) 1975-76, 6; 1976-77, 6. (b) None.

2. No, from Main Estimates.

3. (a)(v) 1975-76, $6.65; 1976-77, $8.00. (b) Not known. (c)(i) $7,390; (ii) $2,277.

CANADIAN PENSION COMMISSION—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 288—**Mr. McKenzie:**

1. Has the Canadian Pension Commission obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Pension Commission in (i) 1975 (ii) 1976?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. (a) (v) 1975-76, 13; 1976-77, 17. (b) None.

2. No, from Main Estimates.

3. (a) (v) 1975-76, $5.91; 1976-77, $5.92. (b) Not known. (c)(i) $9,422.20; (ii) $8,646.10.

[Mr. Young.]

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN OVERSEAS TELECOMMUNICATIONS CORPORATION

Question No. 381—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Overseas Telecommunications Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): See answer to question No. 410 answered this day. Would you please note that the Canadian Overseas Telecommunications Corporation (COTC) has changed its name on January 1, 1975. The Corporation is now called Teleglobe Canada.

NUMBER OF PERSONS UNDER CONTRACT TO SCIENCE COUNCIL OF CANADA

Question No. 404—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Science Council of Canada and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): In so far as the Science Council of Canada is concerned: 1. Thirty four, Nil retired public servants.

2. (a) 1975-76, $83,600, Nil retired public servants. (b) 1976-77, $123,969, Nil retired public servants.

NUMBER OF PERSONS UNDER CONTRACT TO TELEGLOBE CANADA

Question No. 410—**Mr. McKenzie:**

1. What is the total number of persons under contract to Teleglobe Canada and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): In so far as Teleglobe Canada is concerned: 1. None.

2. Not applicable.

[*English*]

Mr. Young: Mr. Speaker, I ask that all remaining questions be allowed to stand.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Before resuming the debate on government orders, perhaps I could intervene briefly to inform the House that at six o'clock this evening, pursuant to Standing Order 40, the subjects to be raised are as follows: the hon. member for Medicine Hat (Mr. Hargrave)—Agriculture—Possibility of import quota for beef in 1978; the hon. member for Victoria (Mr. McKinnon)—Social Security—Negotiations for reciprocal agreement on pensions with United Kingdom—Request for report.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Friday, November 18, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, that was a long wait! Let me try to carry on from where I left off on Friday. I want to cite specific cases where the Tariff Board made recommendations, and compare those with the recommendations of Canadian agricultural organizations. Let me start with mushrooms. The industry asked for a 20 per cent duty on mushrooms, and the Tariff Board recommended 20 per cent. However, the Tariff Board excluded dry mushrooms from its recommendation, recommending 10 per cent for that item. A 10 per cent duty on dry mushrooms gives a great opportunity for substitution of this product and brings about tremendous competition from fresh mushrooms or other types of mushroom products. They can be substituted one for the other, and therefore one undermines the other to the detriment of the mushroom industry in Canada.

Let me go to canned vegetables. The recommendation which the Tariff Board brought in is lower than that requested by the industry. This might have been acceptable if it had not been for the fact that, as I understand the report of the Tariff Board—and I have not had time to study it in great detail—they included canned peas, beans, beets and carrots in the category known as the n.o.p group, and that particular rate is too low. Therefore, with too low a rate on canned products, the first item in their recommendation, fresh products, is sabotaged.

Let me return to potatoes, the processed product. The industry recommended a 20 per cent duty on frozen and n.o.p items. The Tariff Board recommended 10 per cent and 12½ per cent duty, respectively. This represents a 2½ per cent reduction in duty on these items, which in many cases have come under extreme pressure recently.

The rates on n.o.p. frozen vegetables are also too low. This category includes virtually all vegetables frozen in Canada. This, again, is detrimental to the industry which grows the product and processes the frozen product. It is useless to protect a product in part only; there must be consistency in the various duties recommended by the board throughout the entire line of products which come from a particular vegetable or vegetables. There has not been this consistency. Therefore, as a result of unsatisfactory recommendations regarding frozen peas, corn, carrots and mixed vegetables, vegetables as a whole are given very serious competition. Some of these products can actually arrive on our market duty free, or nearly so. Again, they can be substituted for the fresh product. Our competition for the fresh product at any time when the product is in demand is stiff, and thus the Canadian price is depressed.

I want to leave individual items, because one can go through an almost endless list of products regarding which the industry has recommended to the Tariff Board one level of duty and the board has come up with something that is almost satisfactory, but by virtue of the introduction of new classes, or by changing the duty on certain processed products, the board have really negated all the favour they initiated by their recommendation with regard to fresh products. However, I shall not dwell longer on that matter.

I mentioned, perhaps at some length, on Friday that we must be in a position in Canada to impose a surtax at the time damage is done to a Canadian product. The least our negotiators should ask for is a codicil to the agreement. This codicil should trigger automatically when import prices become detrimental to a particular Canadian industry producing fresh, frozen or dried products. If action is not taken immediately, the flow of products can destroy the industry for the entire season.

Let me give the House one example. In 1957 I recall that the inventory of frozen peas in the United States was well in excess of any possible market that they could see. Therefore, they decided to get rid of 10 per cent of all frozen peas in the United States within a period of one or two weeks. The flow of frozen peas into Canada would have totally destroyed the market for the next 12 months had it not been that the government of the day imposed an immediate surtax on imported peas from the United States, thus protecting the small amount of production we had in this country at the time but which has grown since then.

Therefore, an immediate surtax capability, not on any particular or specific basis but on a sliding scale which is applicable at that moment in time when it is needed, must be put at the disposal of the Canadian government in order to protect our agricultural industries. This is the very least that we must

have. It will be ruinous for processors, farmers and all those who work for combined industries if we do not get it.

As Canadians, Mr. Speaker, we recognize that there must be an element of liberalization of trade which will remove it from the straitjacket in which we once found ourselves, where nothing moved across an international border without a duty being applied. That, sir, is part of our life in the world today. We must also realize that we can only participate in the liberalization of trade up to the point where our industries, and we as a nation, can survive. Agriculture has never asked for 100 per cent of the total market; but it has asked that it have a fair share of the market on a viable basis. The only way this can be obtained is to recognize the needs of the industry when our negotiators conduct their negotiations.

In dealing with the United States, we are dealing with industries which in many instances have farms adjacent to Canadian farms producing the same items. We are dealing with a country which has economy of scale in production and processing. We are dealing with a country which has lower capital costs. If we are to protect our industries, we must have protection at least as great as that which the United States affords its industries. Or, in many instances, we should have an additional 5 per cent to make up for some of the additional costs which our producers experience. It is on this basis that we should negotiate with them.

● (1652)

But as I look at the potato products we seem to be on a unilateral binge to reduce the duty as they come from the United States, without any return in reduction of duty from them. Our negotiators should obtain from our principal trading partners, such as the United States, the European community and Japan, an opportunity which would increase our marketing capability in those countries. I have neither seen nor heard anything from the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of Consumer and Corporate Affairs (Mr. Allmand), the Prime Minister (Mr. Trudeau) or anybody else which would indicate we are seeking additional markets in other sectors of the world for our products, that we are seeking the removal of duty barriers or their reduction, or that we are seeking removal of the artificial trade barriers which keep us out of many markets.

We are going down a one-way street. We must get value in return for the things we have given away. In view of the fact that we have had unilateral reductions in duties in several budgets in my short period in this House, I am afraid, sir, that we are going for unilateral reductions again and our industry will once more be stripped of part of the protection which is absolutely necessary for a healthy consumer market, for a healthy agricultural industry and for employment in our processing industry. These are subjects of real importance to this nation.

Some hon. Members: Hear, hear!

Mr. McCain: Mr. Speaker, it is absolutely unacceptable that we give anything more in respect of agricultural tariffs, if we do not in turn obtain better trading opportunities with our trading partners. This has been our history. Absolute trade-offs and straight line reductions on imports coming to Canada cannot be tolerated and must not be given. Do not yield until you receive. If necessary, increase the protection on items which are particularly vulnerable to dumping—very low-cost items.

Mr. Speaker, I hope the Minister of Agriculture (Mr. Whelan) will exert all the pressure possible to get the committee in place which I proposed the other day. I think it is imperative that the farmer, the negotiator and the parliamentarian sit down around the table to exchange ideas on the needs of the potato industry, the vegetable industry, the fruit industry, the meat industry and the grain industry, so that when those people negotiate they will understand the consequences.

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is their unanimous consent?

Some hon. Members: Yes.

The Acting Speaker (Mr. Turner): The hon. member for Carleton-Charlotte (Mr. McCain).

Mr. McCain: Thank you very much, Mr. Speaker. I think our negotiators, who are not familiar with agriculture, should be impregnated as best they can be with full knowledge of the consequences of reductions in tariffs on any agricultural product. They should be aware of the consequences of no quota structures for the importation into Canada of meats and other items. They should be aware of the economic importance of agriculture, its employment opportunities and its basic industrial opportunities as an employer in Canada before they negotiate anything away.

The farmers will be able to convince a committee that it is in the best interests of all of Canada's economy, including the consumers, that we produce more, that we process more and consume more Canadian agricultural products under favourable trading conditions in order to create a viable agricultural industry.

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, it is very close to five o'clock, and if possible I would like to have my speech in one place in *Hansard*. I wonder if it would be permissible to call it five o'clock at this point and proceed with private members' hour?

The Acting Speaker (Mr. Turner): It being five o'clock, the House will now proceed to consideration of private members' business as listed on today's order paper, namely, notices of motions.

Item No. 2, the hon. member for Lévis (Mr. Guay): shall the item stand at the request of the government?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand at the request of the government.

PRIVATE MEMBERS' MOTIONS

[*English*]

CAPITAL PUNISHMENT

SUGGESTED HOLDING OF NATIONAL REFERENDUM TO OBTAIN PUBLIC OPINION

Mr. Benno Friesen (Surrey-White Rock) moved:

That, in the opinion of this House, the government should consider the advisability of holding a national referendum for the purpose of making a survey of public opinion on the issue of capital punishment at the time of the next federal election.

He said: Mr. Speaker, I put this motion before the House approximately a year ago. As a matter of fact, we debated it on November 14 last year and, as members will recall, the following day was a very historic one in Canada because it was the day of the provincial election in Quebec. When we debated it a year ago, a number of government members spoke against the motion and it was marvellous to hear the casuistry with which they argued against it.

I recall very clearly that the hon. member for Windsor-Walkerville (Mr. MacGuigan), chairman of justice and legal affairs committee, stated unequivocally that we could not have this kind of a referendum brought to the Canadian people because it would be a violation of parliamentary procedure. He said—and I think I quote him accurately—that we could not have a referendum unless we had in mind a plan to change the whole system. On the same day the member for Vancouver East (Mr. Lee) spoke against my motion for a national referendum on the issue of capital punishment. In speaking against it last year, he said:—the hon. member for Surrey-White Rock is using colourful means to fight the issue of capital punishment—

I would like to underscore this. He said:

—because the hon. member is attempting to alter our whole parliamentary system of government merely because we retentionists lost.

Since that time, as I have already said, we have had a very important, landmark election in the province of Quebec. Just this year the Prime Minister (Mr. Trudeau), in this House, during the throne speech debate—and all members will recall the one hour and fifty minutes' torture chamber we were in during that time—suggested that one of the things we could do would be to have a national referendum on the issue of national unity.

It seems to me, Mr. Speaker, that the Prime Minister has put his imprimatur and his blessing on the concept of a referendum, so I thought it would be advisable, good and maybe a wholesome experience of purgation if government members were given the opportunity to debate the subject again, now that a referendum has been sanctioned, as a matter

of policy, by the Prime Minister—and who could be a greater authority than the Prime Minister? I know that all his backbenchers would like to stand behind the Prime Minister on all the key issues in the country, and since he has said we can have a referendum on an issue of great national importance, such as national unity, surely the government backbenchers would like to support the Prime Minister on such an important issue. It would be a good experience for me and for government members to have another opportunity to debate this issue.

It need not even be the issue of capital punishment, but as I said last year—and I repeat now—probably 80 per cent to 84 per cent of the Canadian people have expressed themselves very clearly on this issue. As I said then, this is one issue on which all of us knew where Canadians stood, yet because of government pressure the bill carried and the issue of capital punishment lost.

● (1702)

Now that the Prime Minister has given his sanction to a policy of holding a referendum, we should be able to bring the question back to the country and give the people a personal and individual opportunity to express their wishes to parliament. As the hon. member for Windsor-Walkerville pointed out and as the hon. member for Vancouver East pointed out, if there is a referendum, the decision after that vote is binding upon parliament and legislation would have to be brought forward. I agree with that.

I am attempting to open the door for all government members to stand behind the Prime Minister on this issue. They should agree with me that we have a national referendum on this important issue. Since Canadians have indicated that they want capital punishment in our statutes, government members should come forward and support me in this motion, allowing the government to bring forward a referendum on the question of capital punishment.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, not only was this motion debated a year ago in the name of the hon. member for Surrey-White Rock (Mr. Friesen); it was debated, also, in this House on May 2, 1977, in the name of the hon. member for Winnipeg South Centre (Mr. McKenzie). The debate is reported in *Hansard* commencing at page 5193. At that time I spoke in the debate, and I have in no way changed my opinion. I was one of the hon. members on this side of the House who voted against the government, which was a difficult thing for me to do. It was difficult because it involved a basic question of principle which I had a great deal of difficulty resolving in my own conscience.

After consulting my constituents in a poll of 16 per cent or 17 per cent of householder responses received by my office, I came to the conclusion that something over two-thirds of the voters in my constituency were solidly in favour of capital punishment. This raised the basic problem which any elected body has to face from time to time. I am referring to what extent we follow that famous maxim of Burke which was cited ad nauseum, or do we follow another quotation from someone

like Tom Payne who said that you have to represent the people who voted for you?

Eventually I came to the conclusion that in a democratic society where there is a basic concept of moral conscience on issues which are firmly held and not lightly held—and there is no question of majority opinion—the elected representatives had to take some note of that opinion or else they would bring the whole process of law-making into disrepute.

A law which is not accepted by the majority of the people to whom it applies can never be a good law. I have not changed that opinion, although I hope the trend of our times would be toward less and less severity of the sentence, more and more emphasis on rehabilitation and the possibility of rehabilitation, and a reduction of the number of circumstances in which punishment of this order would even be considered.

I would hope the ultimate penalty would be reserved for those who were totally unmanageable in the present context of our prisons, the repeat murderers, those whose guilt is established beyond any question of a doubt, and those about whom it can be said that the circumstances were just about as brutal as the human mind could conceive. There are not many such cases—perhaps 1 per cent of the murders that take place.

Presently in the United States there is one man who has committed four murders of other inmates and prison guards since being incarcerated under a life sentence. I do not think our prisons are capable of coping with a substantial number of such persons incarcerated within them. The concentration of 15 or 20 of such persons within a single institution strains the situation. The lives of other prisoners are in jeopardy, as well as the administration of the institution itself, which brings disrepute upon our society.

I should like to refer to an article which appeared in *Weekend* magazine dated November 19, 1977. It cites the result of a poll which was taken in 32 urban centres. A total of 1,078 people were questioned. They were asked: "Do you think there is ever an occasion when it is all right for society to execute a criminal?" The article indicates that 73 per cent said yes, 14 per cent said no, and 13 per cent said they had no opinion.

Those who said yes, that the death penalty should apply, were asked what kind of crimes it should apply to. Here is the table: for child murder, 72 per cent said yes; mass multiple murder, 71 per cent said yes; premeditated murder, 67 per cent said yes; killing prison guard, 62 per cent; murder during a crime, 53 per cent; child rape, 42 per cent; terrorism, 34 per cent; treason, 28 per cent; hijacking, 28 per cent; kidnapping, 26 per cent; drug trafficking, 25 per cent; child abuse, 21 per cent; child molesting, 21 per cent; rape, 19 per cent; and manslaughter, 19 per cent.

This is an issue which cuts across traditional allegiances. The people who took the poll noted that the lowest and highest income groups were most favourable to capital punishment: 86 per cent of those earning less than $3,000 a year and 84 per cent of those making more than $25,000 a year favoured the death penalty. Men were more likely to favour it than women.

[Mr. Francis.]

The figures were: 79 per cent of the males favoured the death penalty, and 68 per cent of the females. Understandably, females in our society were more in favour of the death penalty for crimes against children.

There were regional differences across the country. British Columbia was the province that most strongly favoured the retention of capital punishment. Perhaps some recent happenings in the prisons of that province had something to do with that. The Atlantic provinces and the province of Quebec were the areas least in favour of capital punishment. Only 70 per cent of Quebec residents favoured it. In terms of age groups, those who were examined between the ages of 30 to 34 were most strongly in favour.

I have no reason to reject the results of such a survey, nor do any other members of this House. The resolution before us requests the government to consider the advisability of a referendum on the subject. There is no question what popular opinion on a referendum would disclose. I suggest to Your Honour, and to the members of this House that this poll is substantially correct. As far as my constituency is concerned, all I know of the subject is consistent with the results that are revealed.

We have to ask ourselves, as law-makers, what our responsibility is. The thing which bothers me most is to what extent we are free, or should we reflect upon decisions which have been taken by this House? A decision has been taken as a result of a long, free debate. The suggestion on previous occasions that there was not a free exercise of conscience for members on this side of the House is one I firmly repudiate.

● (1712)

I was not alone on this side in voting against the abolition; many of us stood and were counted. It was a free vote of members of the House of Commons, freely expressed, and I believe that any decision on a matter as fundamental as this should stand for an adequate period of time to test the validity of the decision. I do not believe that we serve our own purposes or those of the nation well if we take a decision one day and reflect on it by some action the next.

I have not changed, in any respect, the views I held at the time I rose in my place to cast my vote in the House, but I do not believe that the process of consultation, referendum or plebiscite can be used ad infinitum or for a large number of purposes without reflecting on us. We have, it is true, a proposal before the House which was made in the debate on the Speech from the Throne by the Prime Minister (Mr. Trudeau) for a referendum on the subject of national unity. I believe that the term sophistry, casuistry or some other fancy term was used by the mover of the motion to suggest that because the Prime Minister had agreed to a referendum on national unity, it was perfectly in order to have this additional one, and that if we were opposing it we were doing something which is somehow less than straightforward or honest.

An hon. Member: Inconsistent.

Mr. Francis: The hon. member has modified his adjectives somewhat. Let me recap what has happened. The prime minister of Quebec has proposed a plebiscite in that province on the question of secession. The wording is not yet established. The details of such a referendum are by no means clear. In reponse to the initiative on his part, the Prime Minister said, and I think correctly, that this is not just a matter for the Parti Quebecois, through the government of Quebec, to resolve in the language they choose in a plebiscite of their timing.

The Prime Minister said that he reserved the right to a federal initiative in this matter, and it is a initiative which I, for one, am pleased to support. The referendum held under federal auspices would, I am sure, be worded much more fairly and in terms which will be more generally accepted as being objective. What the results of such a referendum would be, time alone will tell, but the Prime Minister has not closed the door on the possibility of other parts of Canada being invited to express their opinion on events which possibly might take place in that province.

I find it hard to believe that the mover of this motion could be serious and could suggest in good faith that an issue involving national unity, an issue as fundamental as this and a federal initiative to respond to what might come from the province of Quebec, should be cluttered, obscured or denigrated by the holding of other initiatives at the same time. Surely the question of national unity is a more important issue before us and before the House at this time than any other issue, with the possible exception of matters relating to the performance of the economy.

We all have to establish our priorities. I think we have a very serious responsibility to the people of Canada in regard to national unity, to the state of our economy, to the control of inflation, the creation of jobs and employment and the distribution of incomes. According to my scale of values, the issue of capital punishment is below these other issues. I hope that an expression of national purpose and national will could be achieved, if it is considered appropriate, without having too many side issues on the ballot at the same time. I consider this to be a side issue in relation to other matters. I am sure the hon. member would not want to have a clear response in regard to national unity, for example, obscured by a debate, which would be very partisan and very bitter and which would reflect very strong feelings in many parts of Canada, on the issue of capital punishment.

I am one of those who believe that this issue may well be reviewed by parliament, but I would hope not before something like five years, when we would have had the opportunity to judge what the effects would have been of a measure which was adopted by parliament, namely, the abolition of capital punishment, a measure which I voted against at the time and would do so again if I had to vote now. I believe our responsibility is still to allow a reasonable period of time to elapse before we reflect on a vote which was taken in this place, and that we do not at the time of the next federal election bring in other issues which could obscure the results which are most important on the basic issue of national unity should a referendum be held on that subject at the time.

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I rise to support the motion put forward in private members' hour by the hon. member for Surrey-White Rock (Mr. Friesen) which calls for a referendum on the subject of capital punishment for the purpose of making a survey of public opinion on the issue. I would go even further than the motion and would propose a referendum on the subject of capital punishment, not just a survey of public opinion. I would do this because of the feeling of the people in my riding and other people throughout Canada to whom I have spoken.

The hon. member for Ottawa West (Mr. Francis) read into the record the results of a very good survey that has been taken. It reflects the opinion of Canadians both before we held the last vote on capital punishment and afterwards. The people of Canada do not agree with the results of the last vote on capital punishment. It has been said that it was a free vote, but people realized fully that it was not free when they saw the solidarity of the cabinet members who all voted with the Prime Minister (Mr. Trudeau). He made sure there was a sufficient number of members voting for abolition. However, the vote was against the wishes of the people of Canada.

This summer I had a very good opportunity of meeting many of my constituents when I was trying to canvass their support for my nomination for the next election. They were mostly disappointed with the way in which the government had handled the issue of capital punishment. They want capital punishment. They do not agree with the way it has been settled. The hon. member for Ottawa West says we should have some time, a moratorium if you wish, because we have already had a vote, and that we should hold off for the next five years. But that is not the wish of the people of Canada. It is not the way they want capital punishment handled. They are in favour of capital punishment and have not changed their opinion since the last vote.

● (1722)

The question of national unity is certainly very important, probably one of the most important for the country. But before it came along there was the question of capital punishment, which is so important to the people of Canada that they should have an opportunity to be heard. They have not had that opportunity so far, Mr. Speaker. They were in favour of capital punishment, but parliamentarians felt they knew better and voted against it. This is a very important issue to the people, and they want to be heard.

I do not hold that we should have all kinds of referendums. The issue of capital punishment has been debated four times in this House in the last ten years, and the vote has always gone against what the people want. It is time now to hold a referendum and let them decide the question. It is not necessary to have precedents for important issues. If a referendum were held on capital punishment, it would not mean that one should be held on every other subject. Each issue would be decided on its merits and, according to the people of Canada,

the government should allow a referendum on the issue of capital punishment.

I know that my friend and colleague, the hon. member for Surrey-White Rock, has good reason to move that a survey only be made at this time. I support that motion very strongly, and I know that the people in my constituency support it as well.

Some hon. Members: Hear, hear!

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, it is often said that one of the functions of the House of Commons is to consent to proposals respecting the law. I entered this House in 1965, and before that was here in an executive assistant capacity. During that time one of the topics most frequently debated on the floor of the House of Commons has been capital punishment. There have been three major debates, and I recall innumerable discussions within party caucuses. The record shows that the subject has been well canvassed over 14 years and that there have been opportunities for members to express opinions and, more important, to cast votes.

What is so important about the exercise is that all these votes have tended to be non-partisan. By that, I mean votes cast irrespective of party policies. Members had an oportunity to vote as they saw fit according to their conscience or the conscience of their constituents. This brings up an interesting point about votes on capital punishment. It is an interesting dilemma to be faced with the kind of pressure that many of us felt from our constituents, where it was clear from the beginning that the majority of the people who elected us to this House wanted some form of capital punishment left on the statute books.

I recall quite vividly that in the 1972 election in my constituency the question of capital punishment and the way I voted was one of the main issues. I defended the position I had taken and, rightly or wrongly, was re-elected. I cannot claim, however, that the argument I made at that time was particularly the one espoused by constituents, but I was re-elected whether they agreed with my position or not. Although my constituents did not agree with my position on capital punishment, apparently they agreed with the position I took, or that my party took on a whole host of other matters. It seems to me that had they wanted to switch to someone who thought as they did on the issue of capital punishment, they would have chosen one of the other two candidates.

We had a choice in this House, and those of us whose thinking led us to one set of conclusions voted as we saw fit, while those who believed they should vote the way their constituents demanded, whatever their conscience, did so. There were, of course, those who faced no such conflict—those who believed in capital punishment and had no difficulty in accommodating themselves to the wishes of their constituents who also believed in it, and then those who believed in abolition and whose constituents felt that way as well. The latter two groups were, indeed, happy people. They had no difficulty with their conscience or with the opinion of their constituents. They had no difficulty in deciding how to vote.

The first two groups had a real problem, however. In our constituencies we had pressure from people who felt there ought to be capital punishment, and here we ran into a very difficult problem. While there is much agreement that there ought to be capital punishment, there is no agreement on whom that capital punishment ought to fall.

I recall, when drugs became a problem in Canadian society about 1967, constituents were telling me that we must do everything possible to get rid of them. When it happened that it was their son or daughter or a friend who became involved, however, they felt the law was perhaps too rigid and that the courts and the police were not taking all the circumstances into account. It was clear that while people generally felt the law was correct as it applied to drugs and other things, apparently its application was not correct.

There are other circumstances where people have got into difficulties with the law and, of course, have felt that full implementation of the law was not called for in their circumstances. It is not always justice we seek; most of the time we seek mercy. Perhaps that is at the heart of my difficulty in interpreting the views of my constituents as to the appropriate response to demands for capital punishment. From a series of circumstances I know it is not capital punishment just for the sake of bloodthirsty revenge that is demanded.

I also know, from speaking to people who have served on juries at murder trials, to Crown attorneys and police, that the situation is not as simple as it seems. Any honest Crown attorney will tell you that he has presented cases where he has been absolutely certain that the accused was guilty. However, the jury was not certain, and therefore the person was released. That is because if a jury makes a slight mistake, there is no way to bring a person back from the grave.

If there is no capital punishment for first degree murder, there is a greater chance of getting a guilty verdict because people are then not so concerned about the absolute taking of a life, from which there is no coming back. There are aspects which have to be considered in that way.

● (1732)

I want to go back to the question of the nature of the votes we have had in this House on the question of capital punishment. I go back to that because it seems to me that they were unique votes. Parties were split, with the sole exception, I think, of the Social Credit Party, which voted en bloc. I believe there was a small split in the New Democratic Party, and there were significant splits in the Conservative party and in the Liberal party. That indicated that the vote was a genuine free vote and that members had an opportunity to make decisions.

Mr. Friesen: Come on, John.

Mr. Reid: If we examine the breakdown of the vote, we find that there was a greater proportion of Liberals who voted

against the abolition of capital punishment than there was in the Conservative party, and if one wanted to draw an analogy, one could say that the party leadership in the Conservative party put on greater pressure to follow one particular lead. I think it was significant, however, if we consider leadership as defined by the positions held by the party faithful, that three out of four party leaders voted for the abolition of capital punishment.

The leader of the Liberal party, the Prime Minister (Mr. Trudeau); the Leader of the Opposition (Mr. Clark), and the Leader of the New Democratic Party (Mr. Broadbent), all voted for the abolition of capital punishment. That indicated an interesting trend in Canadian society where obviously the leadership of the parties had some difficulty coming to grips with this problem and, by and large, the leadership of the three major political parties decided that it was worth taking a gamble to vote for the aboliton of capital punishment.

Whether we agree with the decision they took or not, I think Canadians can be proud of the leadership of their political parties for having had the courage, under very difficult circumstances, to take a stand. That stand was not widely supported throughout the country, as I believe most of us in this debate have admitted, but I believe it says a great deal for the leadership of the Conservative party, the NDP, and the Liberal party that they supported the motion. The motion carried in spite of the fact that all of them had to deal with splits in their parties, which indicated that there was not 100 per cent agreement in their parties that this piece of legislation ought to have been passed. I believe that is significant and very important.

I say that the last vote was very important because we can go back 14 years to when the debates on this matter in the House of Commons in the modern era began, and the result of those debates really culminated in the last vote when the motion carried by a very narrow margin. I believe that it carried by only a narrow margin because there were significant splits in the various parties.

We had an all-party consensus that abolition should take place, and that is what took place.

Mr. Friesen: Come on!

Mr. Reid: I point out to the hon. member for Surrey-White Rock (Mr. Friesen) that if it had not been for the leadership of his party voting for abolition, it would not have carried. The margin was that close. All we have to do to prove that is go back and count the votes, and I think the hon. member does himself, his party, and the position he takes, a disservice by not admitting that the fundamental fact is that this is an issue which has split parties. That is why the leadership of the three major political parties were prepared to allow free votes.

Quite frankly, I cannot think of any other matter in the House of Commons in the 12 years I have been here on which the whips have been off. Only on the issue of capital punishment have the whips been off, and while members of parliament are quite free to vote against their parties at any given time, and to take the consequences which apply, this is the only issue upon which the leadership of the parties have seen fit to remove the discipline which normally applies.

I think the question of abolition of capital punishment has a unique legislative sanction which is not given to many other pieces of legislation which pass on a divided party vote. I put this in a position which I would rank second highest in terms of my concept of the kind of consent the House of Commons gives to legislation. The first, of course, would be legislation receiving a majority consent, which most legislation in this House receives. The fact that abolition took place in the face of party splits gives a profound voice to the abolition of capital punishment.

Members of parliament have obligations, and one of those is to give leadership to ensure that, even though there may be many things we are unable to agree upon, there are things that we can bring to a conclusion, and there are things upon which we can make a decision. It is not always easy for many of us to make the necessary compromises between our own opinions, our own interpretations of the facts, and what the folks back home, our constituents, feel. However I believe in this particular set of circumstances significant numbers of members were able to look into their consciences and say, "I am elected to the House of Commons for what I am, and I will cast my vote for what my understanding of the facts is". I think many members of parliament made their decision on that basis. At the same time, I do not in any way want to denigrate those who voted the other way, according to the dictates of their consciences, or those who voted the other way because their constituents wanted them to do so. I believe that either of the two positions is appropriate for a member of parliament to take. However, I want to let it be known that in any case I always vote the way I see things, and I am prepared to accept the consequences from my constituents.

[*Translation*]

Mr. Armand Caouette (Villeneuve): Mr. Speaker, I am pleased to rise today on the motion introduced by my colleague and give my full support to his bill.

I had the opportunity to hear the previous speakers say that the only party which was unanimously in favour of the death penalty was the Social Credit Party of Canada. It is true, Mr. Speaker, that members of the Social Credit Party of Canada were unanimously in favour of the maintenance of the death penalty in our country. Why? We have always felt that we were the representatives of the people in Parliament. All the members of this party made an inquiry in our constituencies to see whether our electors wanted or not the restoration of the death penalty. This is why it is easy for us today to take position in support of the bill, since we have been asked by our people to say to the government that they wanted the restoration of the death penalty.

We are referring today to a referendum. We also agree because I remember that the late Réal Caouette said on many occasions that we should hold a referendum for the guidance of all members of Parliament on that serious issue of the death penalty. I also heard the hon. member for Ottawa West (Mr. Francis) say that we should try out the measure we adopted

last year for a period of five years. I agree, Mr. Speaker, that we should put it to the test, but not for five years. In 1973, Bill C-2, an Act to amend the Criminal Code, was introduced in the House of Commons. It attempted to add some provisions to the present act to provide that only murderers of policemen or prison guards would be charged with capital murder. Today, the hon. member is asking us to wait for five years, and this same government has not been able to wait for five years to find out the results of the law we adopted.

Mr. Speaker, I believe it is important to listen carefully to the demands of our people. Here, in Ottawa, I heard today in the news that policemen's wives from the city of Ottawa were circulating a petition precisely to force the government to hold a referendum or to restore capital punishment. How many policemen and prison guards have been killed since we abolished capital punishment? Unfortunately, I do not have the figures, but a great number of policeman and prison guards have been killed since we abolished capital punishment in Canada.

We also heard some hon. members tell us earlier that the first vote on capital punishment was a free vote. How strange it is; I discussed with hon. members on the government side whom I shall not name and who said that people asked them to restore capital punishment when we were examining this piece of legislation. How strange that these same hon. members voted once again for the removal of capital punishment.

Mr. Speaker, it is extremely important that the House, once again for the benefit of the Canadian people and for the security of honest citizens, support the hon. member's motion asking for a referendum, to follow a guideline which will be set up for us by the Canadian people. I am sure, Mr. Speaker that, after this referendum and several inquiries like those I made in my constituency, and where 89 per cent of the population said they are for the restoration of capital punishment, again 89 per cent of the population will want to be able to walk quietly and securely in the streets. Mr. Speaker, I would not like to be told this evening that I have been the one who talked out the hon. member's motion.

Mr. Speaker, I end my speech by urging all hon. members in the House to support the hon. member's motion, to give once and for all the Canadian people the right to vote on this serious problem of capital punishment.

[*English*]

● (1742)

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I support unequivocally the motion of my colleague, the hon. member for Surrey-White Rock (Mr. Friesen), with regard to the necessity of a referendum on capital punishment.

I do not think there is anything so dastardly to the thinking of Canadians everywhere than to have a murder committed that was either premeditated, planned, a hired murder or murder committed in the pursuit of a crime, than to have one who commits such a murder not pay the supreme penalty as the laws of Canada provided and insisted on prior to the passing of the legislation which abolished capital punishment in 1976.

The hon. member for Kenora-Rainy River (Mr. Reid) stated that voting at that time was a free vote. I agree that it was certainly a free vote in every respect from this party's point of view, that it was indeed a free vote in our party. However, I must say that the hon. gentleman exaggerated beyond extreme when he stated, I think with tongue in cheek, that it was a free vote on the government side.

The hon. member for Vancouver-Kingsway (Mrs. Holt) asked the Prime Minister (Mr. Trudeau) prior to the taking of the vote whether he could confirm if the vote was to be a free vote. I remember being in the House at that time. The Prime Minister's answer was so inaudible that I do not think anyone got the right answer. I do not think he made any kind of answer. In any event, no audible reply was made by the Prime Minister.

The solid vote by the Liberal cabinet for the abolition of capital punishment was not an accident. You can take from that what you will. I feel sure that if some cabinet ministers had voted as they privately wished to do, the vote would have resulted in the retention of capital punishment.

The murder of our policemen in the carrying out of their duties in ever increasing numbers, six this year alone, is having a most unfavourable reaction among all our police forces from one end of Canada to the other. It has had serious effects on their morale and desire to carry out their duties, or even to continue in their careers.

I suggest, despite all the opposition to capital punishment, that it is a deterrent. Its re-establishment in our laws will be once again a step forward to a greater respect for our laws by all criminal elements. It will give our law enforcement agents the tool that they so desperately need to carry out their duties with zeal and determination. That zeal is now somewhat lacking because of the murders of their brothers in the pursuit of their duties by assailants who know that, if apprehended, they will only have to serve a few years for their crime and then be free to commit murder and other crimes again.

In conclusion, I support my colleague's motion for a referendum. The government should go along with the desires of our country as expressed in many polls. More than 80 per cent of Canadians want a return of capital punishment.

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I rise in this debate with mixed feelings. During the prelude to the capital punishment debate, I wished for a referendum, yet I knew that many of us here were acting as representatives of our constituents. In order to represent our constituents and their wishes on issues that they have extremely strong feelings about, as they did in the capital punishment debate, a vote must be completely free.

I say to the hon. member who just spoke that there was not a free vote on either side. Those who subscribe to his leader's wishes on abolition followed him. I know there was pressure of various types on members, the worst kind of pressure—the feeling that you have to vote with your leader to get ahead.

I do not subscribe to what the hon. member for Kenora-Rainy River (Mr. Reid) said. He was supporting the theory of an arch-Tory, Edmund Burke, who said that we have to make our own decisions in the House. Edmund Burke did not represent many people, only a few hundred like himself. He could not hear the voices of the people because he was too far away. Two hundred years ago travel was very difficult.

Mr. Railton: Mr. Speaker, I rise on a point of order. I would like to say there is no truth in the assertion by the present speaker that there was pressure on members to vote in a certain way. That was certainly not the case in my party.

Mrs. Holt: I did not refer to our party at all. I know that the cabinet voted party solidarity. Perhaps it was a coincidence.

Mr. Railton: Mr. Speaker, I rise on a point of order. It is about time we straightened out the matter on which the hon. member is speaking. There was absolutely no pressure on anyone to vote in a certain way. It was a completely free vote.

Mr. Deputy Speaker: I must say that the hon. member is speaking about something of which the Chair is not aware. The Chair is to rule on the operation and functioning of this House in accordance with our Standing Orders. It is not in order to criticize a vote that has been taken. I do not think the way the hon. member has been speaking about votes has reflected on this House. She is speaking in general terms. I think the point raised by the hon. member for Welland (Mr. Railton) is more a point of disagreement. Whatever influence the hon. member is referring to is very intangible and is really not perceptible to the Chair.

● (1752)

Mrs. Holt: Mr. Speaker, I want to make it very clear I am not reflecting on the way in which people voted in this House, but I do favour a totally free vote ultimately so that as members of parliament, we can represent our constituents fully as a whole House when they make their feelings clear on major issues.

I would like to discuss the question of a referendum and answer the hon. member for Surrey-White Rock (Mr. Friesen) when he mentioned the statement of the hon. member for Windsor-Walkerville (Mr. MacGuigan), who is a very respected member of this House, who is the chairman of the Justice and legal affairs committee, an outstanding member and certainly well versed in his law. Several times he corrected the hon. member for Surrey-White Rock who implied that he, the member for Windsor-Walkerville, favoured a referendum. He made it quite clear, for the second or third time for that member opposite, on October 21, 1977, as reported at page 152 of *Hansard*. He was discussing the third point in his speech, and he said:

> I am pleased, by the way, that the hon. member for Surrey-White Rock (Mr. Friesen) who I am sorry is no longer in the House, introduced my position on this with so much fanfare. I owe it to him that he read enough of my remarks from the previous occasion to indicate that I did say that there could be a referendum when our very system itself was at stake. I am not sure he appreciated the significance of those words, but what I was saying then is precisely what the Prime Minister is advocating now. When the country's government or the country's future itself is at stake, a referendum, of course, can be extremely appropriate. It was matters of ordinary policy which I was suggesting should not be taken from parliament and handled by way of referendum.

It may be of interest to the hon. member to know that his own leader, during the question period on October 20, 1977, seemed to be concerned that the Prime Minister (Mr. Trudeau) was proposing—and this is his statement—what he called a change to the tradition of the parliamentary system and to change it in a way that the government of Quebec is not proposing to change it—to have this referendum apply simply to one question relating to unity. Of course that is what the hon. member for Windsor-Walkerville stated, and whenever you see referendums in many countries of the world, it is always when major issues involve the whole state, its structure, its very existence. You can look at other countries, not just our own. A referendum is held when martial law is to be introduced. In Europe there was a referendums on whether a country should enter the European Common Market.

Mr. Friesen: On a point of order, I find it necessary to correct the record that the hon. member for Vancouver-Kingsway (Mrs. Holt) is making. Or perhaps the hon. member for Windsor-Walkerville (Mr. MacGuigan) referred loosely to his memory of a year ago when he entered into the debate. But when I read from that record here on October 21, I quoted accurately what he had been saying a year ago. Perhaps on October 21 the hon. member for Windsor-Walkerville did not clearly remember what he had said a year ago, but I do want to read back into the record precisely what he said a year ago and state correctly, for the benefit of the hon. member for Vancouver-Kingsway, precisely what he said. I read, as to be found at page 143 of *Hansard*:

> I find it hard to understand that hon. members can rise in this House and urge us to change our whole parliamentary system merely because they are not satisfied with a particular vote.

That is exactly what he said, and it is definitely different from what the hon. lady has just read.

Mrs. Holt: I don't know, Mr. Speaker, because I have not gone back to that portion of the record. But he certainly cleared up the record on October 21, and he also said:

> All we are talking about now is the power to have such a referendum; we are not making a decision to go ahead with it.

The Prime Minister himself said the referendum would be concerned with the issue of national unity, a constitutional problem, and he discussed it in the context of enabling legislation that would make it possible, in the case of an emergency, to hold a referendum on the question of unity.

While I do not often quote *Macleans,* because I really think it is a pile of garbage and is very seldom accurate—in fact they have a great problem with their own prejudices and hates, and therefore cannot get their record straight—but there is one writer for *Macleans* occasionally, whom I do respect very much, Peter Desbarats. On October 3, 1977, during this very discussion in the House, Mr. Desbarats wrote an article on Quebec's supposed legislation under the heading "What Will a

Referendum Mean?" I think his thoughts on this subject are very useful to the House. He wrote:

> One of the most destructive aspects of the referendum, and the reason why many Canadians find it almost irresistible, is its counterfeit air of being conclusive. It pretends to be an honest and straightforward way of making a choice—Yes or No. It panders to the eternal Canadian yearning for an ultimate solution to our most vexing internal problem and it reinforces the illusion that there is an easy answer.

He points out also that in an era of public opinion polls the result is a foregone conclusion. He argues that far from revealing public opinion it prevents its orderly development—it becomes a political weapon, an interruption and distortion of our political process and, at worst, an entertainment.

I certainly would have found it much easier to have been in the House during the debate on capital punishment if there could have been a referendum. I would not have had to stand here and vote as I had to do. I would have been happier to serve my constituents and my party at the same time. But had I not been able to vote as my people wanted me to in Vancouver-Kingsway I would have voted their way, and resigned. That is how strongly I feel that I am a representative—

Mr. Deputy Speaker: Order. The hour set aside for the consideration of private members' business has now expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

AGRICULTURE—POSSIBILITY OF IMPORT QUOTA FOR BEEF IN 1978

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, the question which brings me into the adjournment debate tonight is one I had hoped would be replied to by the Minister of Agriculture (Mr. Whelan). That, in turn, relates to my question of November 16. But first I want to say that I appreciate the written response I have received from the parliamentary secretary to the minister who, I presume, will respond to me tonight. My question on that occasion dealt with my concern, and the concern of the Canadian cattle industry, over the possibility that there may not be control by quotas over beef imports in the coming year. I refer specifically to imports from Australia and New Zealand.

● (1802)

I remind the parliamentary secretary that the current quotas which have been in operation all this year, particularly so far as Australia and New Zealand are concerned, are now almost filled. As at the week ending November 5, combined totals of imports of beef from Australia and New Zealand amounted to 109 million pounds as against an allowable quota of 120 million pounds. This means that about 11 million pounds still remain. These were the figures two weeks ago, so probably by now the quota is almost filled.

I should like to ask the parliamentary secretary whether he knows when this quota might be filled. Usually there is some indication when a quota will be filled once it reaches near completion. With rather plentiful supplies of beef from the major exporting countries of the world, particularly Australia and New Zealand, there have been only very slight downward adjustments in world supplies of beef available for export.

Canada's cattle industry needs to know now before the end of the year that somewhat similar quotas will be in effect for 1978. I think it is important that these quotas be announced before the end of the year. Can we expect somewhat lower quota levels for Australia and New Zealand in view of the currently plentiful domestic supply in Canada? The fact that current quotas are going to be nicely filled by the end of the year, or before the end of the year, is a clear indication that these quotas have worked very well this year and that they should be continued through 1978.

An early or interim announcement would be appropriate since the new beef import legislation will not be available until early next year. I refer to the speech of the minister during the throne speech debate as reported at page 298 of *Hansard* for October 26. He said:

> If necessary, I have been authorized by the government to look at the possibility of the passing of a Meat Authority Act, provided I could be assured of very close collaboration of the opposition.

After three years of persistent support for this legislation, both personally and by almost every cattlemen's association across Canada, this is very welcome news. We in the Conservative party, cattlemen's associations, stock growers organizations and many other livestock groups across Canada, will certainly give our close collaboration on such legislation. Mr. Speaker, I can assure the parliamentary secretary on that, provided the new legislation is reasonable and does the job of serving as a long-range beef import policy for Canada. I urge the minister to act quickly so that we can take a look at this new legislation.

● (1807)

What does the word "authority" mean? He should tell us that very shortly. I find it somewhat ironic, after pressing for such legislation in a very personal way for three or four years and being most emphatically turned down by the Minister of Agriculture and previous ministers of industry, trade and commerce, that now we have the strange situation where both the Minister of Agriculture, and the present Minister of Industry, Trade and Commerce (Mr. Horner), are indicating support for this long overdue legislation. Could it be that the new Senate report on beef imports was responsible for this turn-around by the government? If there is competition between cabinet ministers to bring in this meat import legislation, all I can say is, it is about time. The only important issue

is that it be good and reasonable and long range so that our cattle industry can see an end to short-term, ad hoc, crisis-type legislation. We will support that kind of legislation.

On the other item which I raised in that question last week about the current cow-calf stabilization program for this year, that is, for 1977, when will those pay-out details be announced? Hopefully by now the parliamentary secretary may have some further information. Every calf producer, every calf seller in Canada, I am sure, is anxious to hear details about that program. Will it be announced especially before the end of the year? Last year, of course, the details of the federal fed cattle support policy were not announced until the end of January. We hope it will be a little earlier than that this year. Further, would he hazard a guess as to whether or not there will indeed be a pay-out, since there is the probability that because of higher calf prices there may not be a pay-out under the cow-calf stabilization program for this year.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am pleased to try and reply to the question the hon. member for Medicine Hat (Mr. Hargrave) asked concerning Canadian meat imports for 1978. As the hon. member indicated, the government has provided financial assistance to the beef industry and thus achieved stabilization of cow-calf imports for the past few years. I suggest therefore that the problems faced by the beef industry have been overcome.

As the minister indicated to the House through the throne speech, he will be authorized if necessary by the government to introduce legislation to limit meat imports, already assured of the opposition's co-operation. The government will soon come to a decision concerning beef and veal import quotas, following consultations with the other traditional exporting countries, a decision which the government will make public later.

We anticipate that quotas for 1978 will be approximately the same as in 1977. We have some reasons to maintain quotas as they were in 1977. Under their legislation governing meat imports, the United States will increase their quotas on a minimal quantity with no secondary effect on meat exports from Canada. In addition, meat consumption in Canada for 1978 will likely remain at the same level or even below that of 1977. Therefore it will be necessary to maintain Canadian beef exports to the United States in 1978. Aware of the situation which is confronting the beef industry in Canada, the government is prepared to take the necessary action to help that very important Canadian industry.

Mr. Speaker, as far as the cow-calf breeder program is concerned, regulation on subsidies granted for calf and cow meat will probably be announced next December.

I was happy indeed, on behalf of the Minister of Agriculture (Mr. Whelan), to answer the very important question from the hon. member for Medicine Hat and I hope he is satisfied with that answer.

Adjournment Debate

[*English*]

SOCIAL SECURITY—NEGOTIATIONS FOR RECIPROCAL AGREEMENT ON PENSIONS WITH UNITED KINGDOM—REQUEST FOR REPORT

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I asked a question on Friday concerning the reciprocal agreement on pensions with the United Kingdom. I directed my question to the Prime Minister (Mr. Trudeau), and it was answered by the former minister of national health and welfare (Mr. Lalonde) in his position as Acting Minister of National Health and Welfare that day.

I asked the question because I received a press release the day before. It was not one of the ones from the Prime Minister's office, it was merely a red headline; the really important ones come out with gold print on them. This one pointed out in the view of the Minister of Health and Welfare (Miss Bégin) what she thought was going to happen due to the signing of the treaty on the reciprocal agreement with Italy. I should like to quote as follows:

● (1812)

> The minister stressed that before the agreement can go into effect, Canada and Italy must agree on the detailed arrangements for administering it. Officials of the Department of National Health and Welfare will begin working on these arrangements shortly with their Italian counterparts . . .

On November 18, 1977, I asked the Acting Minister of National Health and Welfare the following:

> Has any progress been made with regard to signing a similar agreement with the United Kingdom . . .

In part I received the following answer:

> . . . that negotiations with England, the United States and France are still in progress, that the various officials have been holding meetings.

What is the difference between the situations in the United Kingdom and Italy? In both cases officials are holding meetings, and not much else is happening. The minister's answer in the House is similar to the press release—"We are not making a great deal of progress".

There is confusion in the minds of everyone interested in this subject as to exactly what procedure should be taken to make this agreement effective. It took one and a half years to pass the bill in the first instance, and we were assured it would be in effect quickly. There was no mention of a treaty at that time. Now we have a media happening. A media happening has no intrinsic value of its own, but is available because the media are there to cover it.

We have had a recent treaty signing between the President of Italy and the Prime Minister of Canada (Mr. Trudeau), the result of which is we are exactly where we are with the United Kingdom. This is a game which is being played by politicians to get publicity for an otherwise sterile visit. When the Italian agreement comes into effect, Canada will be faced with some difficulties.

I should like to refer to the press release from the Prime Minister's office, which reads as follows:

11. Q. When will the Canada-Italy agreement go into effect?

A. The agreement must be ratified in both countries after it is signed. Also, administrative arrangements must be agreed upon by both countries before the agreement can be put into effect. Discussions for these administrative arrangements will begin once the agreement is signed.

The agreement has been signed, thus they are beginning their discussions. The agreement will be extremely difficult even when it is working. I should like to refer to the press release from the Prime Minister's office once again, which reads as follows:

9. Q. On what basis can totalizing and prorating under the agreement be applied to acquiring or receiving an OAS pension?

A. A person may add residence in Italy to residence in Canada in order to meet either the ten-year minimum requirement for payment of an OAS pension in Canada, or the 20-year minimum requirement for payment of the OAS pension abroad. The amount of the benefit would be one-fortieth of the OAS pension for each year of residence in Canada only. For example:

(i) 1 year of residence in Canada after age 18 plus 9 years of residence in Italy equals one-fortieth of an OAS pension payable in Canada;

(ii) 15 years of residence in Canada after age 18 plus 5 years of residence in Italy equals fifteen-fortieths of an OAS pension payable in Canada or abroad.

I caution old age pensioners to seek counsel. I hope the department will provide expert advice to these poor souls who are supposed to wander their way through this jargon in which these questions and answers are phrased.

In closing, may I say the bill was first introduced by the minister of health and welfare a long time ago. We were clearly informed that the United Kingdom was pressing us to sign such an agreement. In answer to a question put to him on June 21, 1977, as follows:

● (1817)

Have some countries indicated an interest in having reciprocal social security agreements with Canada?

The then minister answered:

Italy, the United States and the United Kingdom have been pressing for an agreement with us.

I put it to you, Mr. Speaker, that this bill was put through the House under false pretenses. I would like to know when and if the government intends to sign an agreement with the United Kingdom.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, to answer the question of the hon. member for Victoria (Mr. McKinnon), as the Acting Minister of National Health and Welfare stated in the House last Friday, November 18, negotiations have been going on with the United Kingdom since July. We still did not get any formal answer to the agreement proposal which has been discussed by the officials in July and was subsequently the subject of discussions between the Minister of Welfare of Great Britain and the Minister of National Health and Welfare of Canada.

All I can say now is that the technical problems will likely be solved and that Canada has asked the United Kingdom to give British pensioners living in Canada the same pension increases as are regularly being paid to British pensioners living in the United Kingdom. Naturally, it is the prerogative of the authorities of the United Kingdom to determine whether they will agree to give these raises to British pensioners who live in Canada as they have given them to British pensioners living in other countries with which the United Kingdom has signed social security bilateral agreements like, for instance, Turkey and Spain.

We believe that because of the strong links that exist and have always existed between the United Kingdom and Canada and because Canada automatically gives all people who are entitled to old age pension benefits and who live outside our frontiers all the increases in the pension benefits, which include the periodical readjustments linked to the cost of living index, the United Kingdom will want to treat on an equal basis all its retired nationals in Canada and in the United States, for instance, as well as those who live in countries which have signed social security bilateral agreements with the United Kingdom.

The hon. member for Victoria can rest assured that the government of Canada will do everything possible to convince the United Kingdom to sign as soon as possible an agreement which will be fair for British pensioners who have chosen to retire in Canada to live their old age near their children and grandchildren. As for us, we are ready to sign an agreement without delay. In reality, however, it takes two to negotiate. Even though the economic situation in the United Kingdom seems well on the way to recovery, our British counterparts tell us they have much difficulty finding the needed funds to meet Canadian requirements and give British pensioners in Canada equal treatment with British pensioners in the United Kingdom.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been withdrawn. I do now leave the chair until eight o'clock tonight.

Motion withdrawn.

At 6.21 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of

funds, be read the second time and referred to committee of the whole.

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, in rising to participate in the debate on Bill C-11, amendments to the Income Tax Act, I feel it my duty to express the views of those whom I represent that have been expressed to me in personal conversations, by letter and by telephone. If I did not rise in my place and make representations to the Minister of Finance (Mr. Chrétien) I believe I would be derelict in my duty. I know I rise to speak to the considerable impatience of the government side of the House because just this afternoon they gave notice of a closure motion to limit debate. I believe it is completely wrong to muzzle debate in this House. Members should have every opportunity to put forward the views of those they represent.

The government would never have been in this bind if the Minister of Finance had been honest and had brought forth his amendment to the Income Tax Act in a proper budget address, with a time limit on debate according to the rules of procedure of this House. Had that been the case there would have been no need for the closure motion that now hangs over our heads. I make no apology to the government, therefore, if I take some time to express my views.

Canadian taxpayers view with alarm the continuous and oppressive increase in taxes. The percentage of tax Canadians pay in relation to the gross national product or total income is reaching the point where the economy is in grave danger. The government is like a giant octopus with tentacles, and hands at the end of the tentacles reaching into the pockets of taxpayers across the country. It severely cripples the right of citizens as individuals and of small companies to manage and determine their own economic destiny.

The government's attitude seems to be "Big Daddy knows best." He knows best how to spend our earnings! The federal government has the broadest tax base of any level of government in this country and therefore must bear the greatest responsibility for the increased tax burden on the citizens of Canada. So many government programs are those promised by politicians at election time and not programs sought by the citizens of this country, but rather are thrust upon them. It reminds me of the advertisements on television that try to sell things to people that they do not need. We have a government budget and government expenditures passing all reason.

I think the situation is set out very well as a fair warning to Canadian taxpayers in the July 7 edition of the Simcoe *Reformer*. An editorial refers to the opinions of Arthur Smith, a native of the town of Simcoe and former chairman of the Economic Council of Canada. The article began:

> Canada is becoming an over-governed nation whose spending policies, if allowed to continue at their present rate of increase, could gobble up all income in a few short years.

Later, the article continued:

> Discussing key Canadian policy issues last week, Smith said the danger signs were being recognized by both the public and government sectors which can see that neither individual freedoms nor collective interests were necessarily served well by bigger interventions by government. The question is: will government slacken off from its relentless pursuit of Canadians' incomes, resisting pressures prevalent within and without governments for more legislation and regulation?
>
> Smith saw some hope for a pullback resulting from growing public opposition to tax increases brought on by increased government expenditure. He anticipated governments looking uncertainly inwards in questioning their capacities to assume rapidly expanding responsibilities.
>
> Unless governments call a halt, a terrible price will be paid, Smith predicted. If governments maintain their rates of tax-grabbing and spending at the level of the past 10 to 15 years, simple mathematics demonstrates that all income will take the form of taxes and all spending will be by governments—federal, provincial and municipal—well before the end of this century. Taxpayers should take note and intensify their opposition to further intrusion on their pocket-books.

● (2012)

I think that is a pretty serious statement, and it was made by a man who commands some respect in economic circles in this land.

I want to turn to certain, specific interests in the government tax structure, and I want to discuss for a few moments the capital gains tax as it applies to family farms. First let us look at the history of the capital gains tax. It was introduced in 1971 following a presentation in a government white paper on tax reform.

The capital gain tax was explained in great detail. At the time the measure was debated here in the House of Commons the official opposition made a very urgent and eloquent plea to the government that the family farm should be exempt from capital gains tax. The government refused. It was adamant in its stand. It did make one minor concession, and that was a deferral of capital gains tax where a farm is sold by a father to a son and the farming enterprise is to be carried on. Then a few years later the government made another concession in the face of demands by Canadian taxpayers and of representations made on this side of the House, namely, that there should be a roll-over provision which would allow a farmer to sell his land and use the proceeds in one year to relocate in another farming enterprise. That was all well and good.

I think this makes one point very clear, and that is that the government does not have all the answers, nor does it understand fully and completely the plight the farmer finds himself in with respect to the capital gains tax. The government did make those two concessions, and we appreciate that. As I said, I think that simply tells all of us that government legislation is not always perfect.

The result of the capital gains tax program as first implemented was undue hardship and unwarranted debt loads for farms expropriated or under threat of expropriation. A sale had to be made, and made before the roll-over provision was enforced. The proceeds of sales were diminished by the capital gains tax so that in order to buy similar farms of equal economic viability it was necessary to go head over heels, as we sometimes say, into debt to get back into business again. I admit that has been partly remedied, but there are still hardships for the family farm owner. One of these is that instead of being owned by fathers or sons in partnership, many farm operations have been incorporated into closely held family farm limited companies. Because they are held by

members of immediate families I can see no reason why the government should not treat this in the same manner it treats a family farm held by the head of the family, usually the father. However, up until this date the government has refused to give closely held family farm corporations this privilege. This is one of the hardships about which I am talking.

Another thing which should be pointed out is that the government does not seem to recognize that, as they go through life, farmers invest their profits and incomes from their farms back into their farms to improve buildings, to buy equipment, to buy more land and so forth. We sometimes say they plow back their earnings into the farm business. The same applies to the small businessman. He just does not have money or cannot raise money for major capital expenditures. The only way he can do this is to put his profits back into the business year after year. At the end of his years of operation, a farmer or small businessman sells his farm or business and hopes that this will be his retirement income or his pension.

A farmer or small businessman cannot keep his farm or business in a form that is saleable unless he keeps it up to date and puts to work the expenditures of which I spoke. When he does sell and hopes to have a retirement pension, what happens? The government steps in and takes a big slice by way of capital gains tax. By the time he buys a home in a town or village where he intends to retire, he has nothing left with which to earn a decent pension or upon which to retire and live out a decent life in his twilight years.

I think the matter was put pretty well in a letter I received from Mrs. Don Petheram of R.R. 5, Waterford, Ontario, which reads in part as follows:

> Most farmers and their wives work hard to pay off mortgages and to keep the farm going. A farmer doesn't have any retirement plan like other workers, whatever money he has left over after all expenses are met is put back into the farm to keep the business going.
>
> When the farmer sells his farm and retires it takes a good portion of the farm sale money to relocate and either build or buy a ready built house. The remainder of the money has to be put aside to keep the farmer until his death. By the time the government takes the large portion in capital gains tax it is demanding, what has the farmer left to retire on?

I have spoken about this in previous speeches here in the House of Commons and to various ministers of finance, and the answer I got from the ministers or their parliamentary secretaries was that the farmer has the same privilege as any other citizen of registering under a registered retirement savings plan. But he does not have that kind of money. As I pointed out before, he uses all his profits to re-invest and to keep his farm a viable operation. What I have said applies not only to farms but also to small businesses.

There is another unfair aspect of the capital gains tax, and that is the unfair and unjust way it is applied. Most of the argument is about the way auditors of the Department of National Revenue arrive at the valuation day value for a farm operation or for a small business. There is a continuous dispute. I receive numerous letters and phone calls from people who dispute the way government auditors arrive at fair market value on valuation day.

Many government auditors who come out to farms have no knowledge whatsoever of farm operations and what it takes to keep them viable. They learn their work from a textbook. They are instructed on how to value a farm and that they must not go beyond certain limits. In any event, they know nothing whatever of what value means to a farmer.

It seems to me that the government would be well advised to employ retired farmers or men who have had some experience and who know what a farm operation is. A man I know very well is well qualified in this regard. He is a retired farmer. He did valuation work for the Ontario government. He applied for a position with the Department of National Revenue and was refused. I simply could not understand why he was refused, because this man had some conception of what a farmer is up against.

Too much attention is paid to the speculative value of farmlands. The evaluator wants to value farms at the price which was in effect back on December 31, 1971. However, since that time inflation, and speculation by real estate people buying and selling land in the neighbourhood, or encroachment of metropolitan areas have put the price of the land out of all proportion to its value as farm land. This is a value that these auditors want to put on the value at the time of the sale. The discrepancy is far too great.

● (2022)

I want to again quote from the same gentleman. He has used some figures to illustrate what I am talking about. I will just quote that part of the letter which applies to this subject. I quote:

> Land was selling at $1,000 per acre and up prior to 1971 in this area, now the government is only valuing land at $350 per acre. If land did sell at a low price of $350 per acre in 1971, it was for estate purposes or financial reasons and does not mean the rest of us would sell for such a low price.
>
> Our houses we are told would be worth more if in town. A great many people prefer country living, and as for the cost of a house it costs just as much for materials and labour no matter where one builds. Why then is the assessment on our homes placed at such a low value? We trust you will reconsider this capital gains tax and at least put a fair value on our land and buildings.

The letter was written to the Minister to Finance and the Prime Minister (Mr. Trudeau). Apparently they did not pay too much attention to it.

I have a note that I made during an interview with a farmer who came to talk to me about this problem, Mr. William H. Rittenhouse, of R.R. 2, Dunnville, Ontario. He found the same situation. The person who came to put the V-Day value had no conception of farm values or what a farm could earn. As a result, the farmers had a very high capital gain and resulting gains tax.

This man had a very novel proposal. In order to remedy this situation, he suggested starting with the sale value when the farmer sold his land and deducting 10 per cent each year, which roughly represented inflation, back to 1971. This would give a reasonable capital gains tax. I believe this proposal is worthy of consideration. It should at least be looked at by income tax auditors when determining value for capital gains tax purposes. If that formula is not adequate, there should be some other formula which will take into account the effect of inflation on the value of farm land.

I have made a major criticism about the capital gains tax and the way it is applied. There is a simple remedy to solve this. It would not cost the government all that much money. The Minister of Finance and the government should simply remove capital gains tax on family farms or small family businesses or a once in a lifetime sale. That is not unreasonable.

In addressing myself to this subject a year ago, I found that the amount of money the government realizes from capital gains tax on farmland is rather minimal compared to the administrative cost of calculating capital gains tax. I have made this proposal to successive ministers of finance, but it has always fallen on deaf ears. I hope the present minister will consider it. It has been suggested that a young man from Shawinigan Falls is out to make his mark in finance and economic affairs. Here is a novel proposal he might accept. He can then forget about the advice of the mandarins in his department. One simple step could solve all the hardships I have mentioned.

Another partial solution to this problem has been put forward by previous speakers on this side of the House. The hon. member for Medicine Hat (Mr. Hargrave) made an eloquent plea that closely held family farm corporations should have the same benefits in the roll-over privileges as are now enjoyed by the single farm owner. That makes a lot of sense. I will not expand on it because previous speakers from this side made a very formidable argument as to why this is entirely in keeping with fair taxation practices.

I now wish to turn to an entirely different topic, income tax on life insurance. I congratulate the government for giving up its intention to tax a portion of the death benefits. I am sure members from all sides of the House have written to and talked with the minister. He has at last seen the light. Because of that, I have great hope that he will pay some attention to what I said previously.

I am sure members of all parties have received letters from owners of insurance policies, and in particular from agents who sell insurance. I think I can take some credit for this. Modesty prevents me from taking full credit. However, there are two injustices that still remain.

A tax paying policy holder who takes out a loan on his insurance policy is taxed on that loan as though it were a portion of his income. That is nonsensical. If you make a loan from a bank, a trust company or a private individual, that is not counted as income. It has to be repaid. The same is true of an insurance loan. Most people who take out loans against their insurance policies repay them. If by chance they fail to pay them back, the amount is deducted from the proceeds when the policy matures.

There is no justification for that type of tax policy. If that is to be counted as income, it is reasonable to count as an expenditure the interest the borrower must pay on the loan. However, the government will not go along with that. It is beyond comprehension. After receiving representations from all sides of the House, I am sure the minister will listen to reason. The minister has gone part way. He must now be completely fair and just.

To point out some of the arguments in favour of that, I want to quote from a letter I received from the insurance industry. They wrote, and I quote:

> Unfortunately, two serious problems remain. I refer to the budget proposals (a) to tax the policyowner at the time of taking out a policy loan, and (b) to disallow the deduction of policy loan interest as an expense in any circumstances.

They then list some of the reasons why this is patently unfair, and I quote:

> A policy loan should be regarded as such because the loan is repayable out of the insurance proceeds if the policyowner does not repay the loan at an earlier date;
>
> the policy loan provisions are a long established and valuable feature of life insurance as a form of property and it is discriminatory to deny the normal tax treatment for such loans;
>
> policy loans are normally taken in times of financial need or emergency which is a highly inappropriate time to levy an additional tax; . . . particularly hard hit would be small businesses which the government is committed to helping; life insurance policies are often the best or only source of ready cash for small business operators since the money can be obtained quickly at modest rates with no questions asked and no further collateral demanded;
>
> the use rather than the source of funds governs the deductibility of loan interest for income tax purposes; this proposed disallowance of policy loan interest is blatant discrimination against one source of money, namely, life insurance.

That is so reasonable and obvious I cannot understand why the minister will not take a sensible look at the problem.

Mr. Alexander: It is because he is bullheaded.

Mr. Knowles (Norfolk-Haldimand): I now want to deal with the federal sales tax that is levied against equipment used by public utilities in the various muncipalities across this country. I am referring to equipment used to keep the utility operational, to make installations and so on. I will not expand on the argument any more other than to read what was written to me by a municipal council in my area. The Dunnville Public Utilities Commission in the town of Dunnville passed a resolution. I believe a copy of this is in the hands of members on all sides of this House. This resolution sets it out better than I could do.

● (2032)

> Whereas exemption from federal sales tax and excise tax is provided for municipal water main material; whereas water and electric utilities supply essential services to the same clientele; whereas tax on equipment and materials used for electrical distribution contributes to the increasing cost of servicing housing subdivisions; whereas the benefit of tax reductions would ultimately benefit the end customers, be it resolved that an appeal be made to the Minister of Finance to consider legislation to exempt municipal electric utilities the federal excise tax on electrical distribution material and equipment.

You see, Mr. Speaker, what is good for one section of the public utilities industry is surely good for another, and there is no earthly reason why the government should not see its way clear to do this very thing it is being asked to do. After all, the tax which is presently imposed increases the cost of electrical services to those who purchase them.

I want to turn, now, to another subject and join in representations which have been made by a number of other speakers in this debate in connection with the inordinate amount of paperwork which has to be attended to by taxpayers, more

particularly by small businessmen. They are snowed under by the number of government forms they must complete, and surely it is not beyond the ingenuity of public servants in the various government departments to simplify these forms greatly or to do away with them altogether. The income tax forms themselves are so complicated that small businessmen need to hire accountants to assist in their preparation. Even the ordinary taxpayer finds he cannot get all the deductions to which he is entitled unless he employs an expert to give him advice. I say: do away with the forms presently demanded by Statistics Canada, the Unemployment commission, and so on. There must surely be a way to make these procedures more simple.

I should like, now, to read into the record part of a letter from Mr. K. W. Jones of Caledonia, Ontario, who has, I believe, a legitimate complaint with regard to the government's proposal to tax fringe benefits which certain people enjoy. The letter speaks for itself. Mr. Jones writes:

> I am employed by an insurance company whose practice is to provide a mortgage to eligible employees as a company benefit. This benefit is taken into consideration when the company reviews the salary of an employee and is a method of keeping the salary at a lower level. I therefore believe that taxing us on this benefit would be grossly unfair and would also force the employer to review the salary.

Listen to what he says now:

> Many different occupational groups enjoy benefits which are not taxable. Employees of department stores receive discounts on purchases; airline and railway employees receive free passes, as do their families; superintendents of apartment buildings receive free accommodation; government employees receive free bus passes—

I should not have read that. That is not true.

> Members of parliament, to the best of my knowledge, receive free airline tickes, non-taxable, to be used in the course of their duties. These are only a few examples of the benefits received by employees.

I think my correspondent has put up a good case. If, as an employee, he can get a mortgage at a little below the usual rate, why should he be taxed on that amount, particularly when, as he says, other employees enjoy benefits with respect to which they are not taxed?

My final point has to do with a segment of the agricultural industry which is very important in the area I represent. I refer to the tomato industry. This industry faces a major crisis in Canada, indeed the threat of virtual extinction due to the importation of large volumes of tomato solids, usually in the form of tomato paste. The single most important barrier in the way of supplying current domestic consumption from within Canada is the continued over-exposure of the industry to dramatically fluctuating world market prices and conditions. Put very simply, the industry is threatened by the dumping of cheap tomato paste from countries where labour costs are very low.

Canadian tomato growers have the ability and technical competence to produce consistently all the tomato solids required by Canadian consumers at reasonable prices. However, they have been reluctant to commit themselves to capital expenditures on processing facilities because of the uncertainties which exist in the world market. What is required is some assurance that the industry here will not be forced into bankruptcy by unscrupulous dumping. Such an assurance can be made available to the industry if the government would impose an ad valorem tariff rate of 17½ per cent to become effective immediately.

[Mr. Knowles (Norfolk-Haldimand).]

The situation was explained earlier this afternoon in terms more eloquent than I can command, by the hon. member for Carleton-Charlotte (Mr. McCain) when he was dealing with this subject. Not only would such a duty as I have mentioned help the producers and the processors to expand, but it would mean a more stable price for Canadian consumers—they would not find a certain price quoted at the supermarkets one week, to be followed the week after by a price 50 per cent higher, with a subsequent reduction. Even more important, perhaps, is the number of new jobs which would be provided, not only on the farm but in the processing plants. The vegetable growers marketing board estimates there would be many thousands employed in the food industry, not only on the farm but in the processing industries.

● (2042)

I have tried to give the broad picture, Mr. Speaker. I have touched on a few aspects of the tax program of the government. I have talked about the inordinate, unfair, and ever-increasing tax burden of the taxpayers, and have pointed out that we will soon pass the point of no return. I have also touched on the capital gains tax, insurance, and protection for the farmer and processor of certain market garden crops. I hope what I have said will have some impact upon the Minister of Finance, and that when he sits down with his officials and makes some amendments shortly in committee of the whole, some of the matters I have raised will be taken into account.

Mr. James Gillies (Don Valley): Mr. Speaker, I am pleased to have this opportunity of speaking on Bill C-11 for a few moments. I will be one of the last to have the opportunity to speak on second reading since the government, in its usual, courageous way, has introduced closure. Since we have not had a budget debate it seems to me shocking that the minister is sneaking in this mini-budget. I found out this evening that not only is the government invoking closure, but the Minister of Finance (Mr. Chrétien) is putting conditions on the terms under which he will appear before the committee to debate economic policy. I have seen the Minister of Finance in the committee only once so far, and I would have thought that given his performance that time that he would want to come back to the Committee as often as he could in order to learn something about the portfolio that he is trying to administer.

I find it quite shocking that there should be a trade off between the number of times the Minister of Finance is willing to appear before an appropriately established committee of the House of Commons and how fast the opposition will put legislation through this House. It has never been intended that this sort of thing should happen in the House of Commons, and it is a shame that it is happening now.

I do not intend to dwell upon the details of Bill C-11. Rather I want to talk about one or two things which have become

apparent as one examines the legislation before the House and, more important, as one listens to what the Minister of Finance has to say about it.

It has been pointed out many times the serious nature of the economic problems of this nation. We have the highest unemployment in Canada since the depression in terms of absolute numbers. We have continuing inflation. If it were not so serious, Mr. Speaker, we could laugh at the joke of the government talking about a 6 per cent inflation rate next year. There is no likelihood that inflation will be at that level. We also have one of the most serious balance of payments problems that we have had in our history.

What was so disappointing about the remarks of the Minister of Finance when he introduced the bill and talked about a minor tax cut was that he gave no indication whatsoever that the government was going to take a new approach to managing the economy. The direction in which the government is moving is so wrong, Mr. Speaker, and the policies the government has been pursuing during the last few years are not working.

How much evidence of this do we need? Unemployment keeps increasing. Inflation keeps increasing. Our balance of payments position keeps getting worse. We have always measured our economic performance against that of the United States and there is usually a six months' lag between what happens in the Canadian economy and what happens to that of the United States. We are out of that relationship now. Surely the government must see that its approach to economic policy-making in Canada is not working any longer.

One had hoped that in the mini-budget presentation of the Minister of Finance we would see at least a glimmer of some new approach to economic policy making, but that was not the case. This is very sad, Mr. Speaker, and it is not really the political consequences of this which are important. What is really important is that one million Canadians are not going to find any work this winter and our economic situation will continue to deteriorate.

How can it be that a country which ought to be one of the richest in the world, that has so many resources, keeps becoming poorer relative to other countries? As my hon. friend from York-Simcoe keeps telling the House, in terms of per capita real wealth in our country has slipped from second place in the world to tenth place. The countries of the world which are improving their economic position are the Middle East countries and other countries with resources. We have resources. Why are we mismanaging our economy so much that we are going in the wrong direction so far as economic activity is concerned?

One of the greatest myths presented to the Canadian people is that they are told that we cannot do anything about our economic performance, that we have to suffer through what we are experiencing today. It is not true, as the Minister of Finance alleged in committee the other day, that nobody knows how to solve the economic problems of the world, that we are all suffering to the same degree. This is just not so. Many countries around the world are improving their economic performance, while ours is getting worse.

Our trouble, Mr. Speaker, is that the Department of Finance is locked into a budget-making policy that no longer works. The department is still taking the position, as the Minister of Finance himself said the other night, that we can operate on old fashioned, Keynesian, gross expenditure economic policies of the sort we operated on in the early 1950's and 1960's. I say we cannot. A few years ago economists in the United States council of economic advisers and some economists in Canada were saying that we could fine tune the economy to determine how much unemployment and how much inflation we were going to have by adjusting gross tax revenues and gross expenditures. Well, we have given that up because it just did not work.

More important, Mr. Speaker, we have to give up the whole idea that we can manipulate levels of unemployment and inflation in this country by changing gross expenditures and adopting Keynesian theories. The reality—and this is the message I want to get across to the people of Canada this evening, and particularly to the Minister of Finance—is that if the Department of Finance continues to pretend that by making changes to the tax structure only or making extensive changes to expenditure patterns only we are going to solve unemployment and inflation and our balance of payments problem in Canada, then it is absolutely dead wrong. If the deparment continues to adopt this line, this nation will suffer even more tragic economic problems than it is facing at the present time.

It is calamitous to continue saying that we cannot solve our economic problems. We can solve them, Mr. Speaker, but we need a totally new approach. The totally new approach that the Minister of Finance and his department have to take begins with recognition that in a large country such as Canada, with its great regional differences, you cannot now use these former policies. Budgets and economic policies must now be designed to meet the needs of the various regions and sectors of this country.

For example, I find it unnecessary that in this country we have a fishing industry which is not one of the most productive in the world. How is it possible for the government to spend several years negotiating a 200 mile jurisdictional limit off our shores, and yet today we do not have as much as one refrigerator ship which is able to harvest the products of those waters? How is it possible that we are willing to accept 20 to 25 per cent unemployment in the Atlantic provinces and yet not develop a fishing industry? We have one of the largest coastlines of any country in the world, and yet we don't have an international fishing industry. Why don't we? Why hasn't the government done something about this? Why doesn't it start making its budget decisions in such a way as to make certain that we have one of the most competitive international fishing industries in the world?

● (2052)

How is it possible that in Canada between 1970 and 1975 we imported twice as much mining equipment as we exported? How can this be necessary when we have one of the major mining industries in the world? Why is Germany one of the

leading countries in the world in the exporting of mining equipment? Why haven't we developed an industrial strategy that is based upon the resources that we have, and develop, for example, a mining machinery manufacturing industry in this country which is competitive with such industries all over the world. We import more pulp and paper manufacturing equipment than we export, which certainly should not be the case.

We have the incredible situation that we have an energy strategy in this country, if we can call it that, which calls for us in the 1980's to import a portion of our oil needs. We have the largest known reserves of oil in the world and yet, we are going to be net importers in the 1980's. Can you imagine the Japanese being in such a situation? Can you imagine the Germans? Instead of being a net earner of foreign exchange, we have so mismanaged our economy, and have so neglected our resources, that we are going to be net importers of oil in the 1980's, and which, by the way, we don't know now how we are going to pay for it. And so it goes in area after area.

There is no chance that our economy will start moving forward again unless the Department of Finance and the Minister of Finance take a look at the various industries we have in this country in the various sectors of the economy and bring forward tax policies and development policies that make it possible for such industries to operate efficiently and profitably.

Equally important, as the former minister of finance, the hon. member for Eglinton (Mr. Sharp), said at a meeting the other day we must have a new way of making decisions about budgeting. The budget-making process in this country must become open. What we need to do right now, and if the Minister of Finance is serious in saying he wants to bring certainty back to the economy, what he should be doing is calling in leaders from the various industries around this country, and asking them what they need to make them efficient and competitive. From this information he should be starting to establish policies that will be effective in getting the country moving again. Budget-making must be brought out of the closet. It most be open, so that the people of the country, the businessmen of the country, the entrepreneurs of the country know what the government is planning.

The government must also have the courage to make its forecasts about employment, unemployment and inflation public so that business can make plans according to these estimates. Moreover, if the estimates are wrong the minister should come before the House of Commons or before a committee of the House of Commons, and explain why they are wrong.

I don't think Canadians realize the full extent of the economic problems with which they are faced. We have seen the dollar decline. The Minister of Finance has claimed that we have a floating dollar, and I would agree with him that the government has not tried to stabilize the dollar at 90 cents, or 92 cents, or 88 cents, although it has had to use a great deal of foreign exchange to keep the dollar from going down further than it has. There is no way that the dollar is not going to decline more if the government maintains the same sort of economic environment as we are operating in at the present time. The Minister of Finance has a real responsibility to change that environment so that the dollar will not go much lower. Every time the dollar drops we get more inflation, and every time we get more inflation we get less investment. Every time we get less investment, we get more unemployment. Unless we do something about this situation we are going to have a never-ending problem that is precisely the same as the one the British found themselves in in the 1950's and 1960's.

If you examine those countries that have prospered since World War II and those countries which have not, the countries which have prospered have devalued their currency the least. The countries which have had the greatest amount of difficulty are the ones which have devalued their currency the most. How sad it will be if we are now following the British in terms of the management of our economy, and yet that is the direction in which we are going. The constant decline of the dollar will not solve any of our problems.

One of the things I find quite remarkable in Canada in the last decade, is the changing view which is held by the Minister of Finance about his responsibility, and indeed the way in which the press measures the success or failure of the Minister of Finance. It used to be that a minister of finance almost took for granted that he was politically expendable. The reason for this was because strong ministers of finance were always willing to take those actions that were important for the country, regardless of the political consequences which might result. We don't find this happening any more. When have we had a minister of finance in the last few years who has really been willing to take the tough actions that are necessary to turn the economy around? The characteristic feature of the way in which the economy has been managed, and of the way in which ministers of finance have operated recently, has been that they have talked strong and done nothing.

An hon. Member: Travel to Florida!

Mr. Gillies: Nothing has been done. We may, this winter have a $1.5 billion to $2 billion deficit in the travel account. We haven't heard a word from the government of doing anything about this. Why not? Because it is an unpopular topic.

When can we have some action on the part of government to start solving some of the problems that we have before us? Business cannot do anything if the government does not provide some leadership and policies. And yet government is unwilling to provide leadership on issues which are so important. Part of the tragedy of the last few years in economic management of this country is that politics has always taken precedence over economics. As long as this happens, as long as we have a situation where the government is afraid to take tough action to try to bring the economy back into shape, we are doomed to continue our decline.

We have other very peculiar situations. I was interested in reading the speech the other night of the hon. member for Crowfoot (Mr. Horner), the Minister of Industry, Trade and Commerce, talking in the House of Commons. Here is one of

the men with the levers of economic power in this country, who doesn't understand that it is the amount of money that is put into the system that causes inflation. He did not understand the fundamental, basic, underlying causes of inflation that are examined in any elementary economic text. This senior minister of the Crown is supposed to be responsible for some of our economic management, and he does not understand what is going on.

● (2102)

Any Canadian who has listened to the debate on this bill, and particularly any Canadian who has watched what the new Minister of Finance has said and the manner in which he has dealt with the economy so far, has to be very, very apprehensive. The Minister of Finance has said nothing in this Chamber, or in committee, or so far in this debate to indicate that the government is prepared to take a fundamentally new approach to the management of the economic policy of the country. Yet the evidence is in. How long do we have to go along with increasing unemployment, inflation, and a deteriorating balance of payments before knowing something is wrong with the policies utilized by the government?

The former minister of finance, Mr. Turner, did a great disservice to this nation by going around and saying nothing could be done. That is wrong. And it is not enough to say that our problems are the result of the world situation. It is just not true. The problems are within ourselves and arise because we are not prepared to change the direction of our policies, away from something which served us well in the fifties and sixties but which started going wrong in the seventies.

If the Minister of Finance wants to make a great contribution to the well-being of this nation, he will start immediately to scrap the way in which our budget-making has been done in the past. He will move to analysing the various sectors of the economy in order to find out what has to be done in each of these sectors in order to make them prosperous once again. He must deal with the people who are managers in those areas. He must bring them to Ottawa and start constructing the budget from the knowledge that they bring. Then we will have a reasonable chance of making progress in this country.

If a budget is brought down in the spring which is built around a fundamental economic policy and theory—a macro-approach that general cuts in taxes, and changes in expenditures will solve our problems—it will not work, and we will be faced with an even more devasting situation than we have now and it is not sufficient for ministers of finance to hide behind politics, because the problems are too serious.

Mr. Chrétien: Let us vote on it.

Mr. Gillies: For far too long ministers of finance in this country have been judged on their political skills and not on their economic capabilities. We know what the difficulties in the nation are. We hope the new Minister of Finance will appreciate what we are losing with one million people out of work, increasing inflation, and the falling dollar. We hope the Minister of Finance will have the courage to come up with a new, open system of budgeting which will help make this country prosperous again.

Some hon. Members: Hear, hear!

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, having listened to the hon. member for Don Valley (Mr. Gillies) and other Conservatives, I sometimes wonder if this is not an Alice in Wonderland place.

Mr. Paproski: Go ahead, Alice.

Mr. Rodriguez: Here we go again.

Last March the former minister of finance brought down a budget wherein he accepted 8 per cent unemployment and a million persons unemployed. Now the Conservatives criticize the Minister of Finance (Mr. Chrétien) for saying we have to live with one million unemployed. Mr. Darcy McKeough, the treasurer of Ontario, that darling of the Chatham Chamber of Commerce, indicated that Mr. Macdonald was a brave man and that he supported his budget. He was prepared to accept 5.3 per cent unemployment in Ontario as full employment. How can they suck and blow at the same time? That is completely beyond me.

Some hon. Members: Oh, oh!

Mr. Rodriguez: Hon. members can make all the smart remarks they want, but I know when I touch a sensitive point.

About nine months ago, in February, I recall we had a similar tax bill. I spoke for some time opposing that particular tax bill. If some of the Conservatives had pulled their weight, perhaps there would have been an important change in the tax bill, rather than people ending up being screwed.

Some hon. Members: Oh, oh!

Mr. Rodriguez: Mr. Speaker, this is exactly what Liberals do when they bring in a tax bill. Nine months ago I opposed that tax bill on the basis that it did nothing with respect to the question of unemployment. Here we are nine months later dealing with a similar type of tax bill, and I oppose bill C-11 as well.

Whenever Conservatives and Liberals talk about the unemployment problem they have consistently refused to take any positive action with respect to it. The Prime Minister (Mr. Trudeau) and the cabinet ministers opposite have indicated that we cannot create employment in this country and that we have to leave that to the private sector. They have indicated that this is the way we have to go—the private sector or the free enterprise system will save us. Either that or we are waiting for the American economy to pick up. We are waiting for the bugles to blow and for the American cavalry to come over the hill and save us.

Mrs. Pigott: We need to make more friends.

Mr. Rodriguez: There is the "Cookie Monster" again. Members opposite have indicated that the private sector will create employment opportunities, but we have to give them tax

breaks and concessions in order for them to accomplish that. They say we have to provide the wherewithal for them to create employment opportunities.

Just a couple of summers ago the government wiped out the Opportunities For Youth program and indicated that it would no longer get involved in the business of creating youth employment but would leave it to the private sector. That summer youth unemployment reached very high levels.

As recently as Tuesday, November 15, in answer to a question in the House, the Prime Minister said that there are measures before parliament in Bill C-11 that will increase productivity, and that somehow or other we have to increase productivity. Also he indicated that tax concessions will have to be given in order to increase productivity, and that jobs will flow as a result of increased productivity. What are these measures which the government indicates will create increased productivity in the country?

The Prime Minister and his cabinet ministers were talking about a $1.2 billion give-away in Bill C-11, to the corporate sector in order to increase productivity, and the hope is that some jobs will be created as a result of that. The fact of the matter is there is no evidence to indicate that any kind of tax concessions in the past to the private sector created job opportunities to help solve our unemployment crisis.

● (2112)

The government knows very well that over the next ten years the economy must create 2.5 million jobs, and when we put that together with the present 1.5 million unemployed, we must come up with four million jobs over the next ten years. But according to all the estimates of all the experts, the major capital programs that we have going in this country, such as the Athabasca tar sands, the James Bay project, and the pipeline program, can only create about three million jobs. So we will still be short about one million jobs ten years down the road. Has the government developed any kind of economic strategy to deal with the problem? Has it developed any national economic strategy to deal with the economy? Absolutely not.

We on this side of the House, the NDP, have been urging national economic planning for as long as I can remember, since I joined this party and long before I joined it. We say that economic planning must take place in this country. But both Liberal and Conservative members have always looked on economic planning as some sort of communist bugaboo. They think that only communists plan, and the minute you start talking about economic planning, they think you are some sort of communist. They seem to have only one solution to the problem, and that is free enterprise. Indeed they use that term in much the same way that Aladdin used his lamp. They seem to believe that if they repeat the phrase "free enterprise" often enough, somehow or other all the problems in the economy will disappear. But nothing is disappearing; the unemployment problem is not disappearing, and that is a sad fact indeed.

In December of 1975, the Prime Minister in his conversation with Bruce Phillips put his finger on the nub of the problem when he said that the free enterprise system was failing. In effect, he said that the government should involve itself more in the economy. You should have heard the news media, the Canadian Chamber of Commerce, the Canadian Manufacturers' Association, and the Conservative party react to those words. You would have thought that the heavens were falling when the Prime Minister said that the free enterprise system was failing us. The Prime Minister and his cronies on that side of the House ran for cover when the flack started to come. In effect the Prime Minister got to the nub of the problem, but then he backed away from the solution.

Mrs. Pigott: It is the government that has failed us.

Mr. Rodriguez: Both the government and the official opposition support the free enterprise system, and both are failing the country.

Mr. Alexander: That is why you have only 16 seats.

Some hon. Members: Oh, oh!

Mr. Rodriguez: One always knows when one has touched a sore spot. Here are the defenders of the free enterprise system.

Mr. Martin: Would the hon. member for Nickel Belt (Mr. Rodriguez) permit a question at this time?

Mr. Rodriguez: I always welcome questions from the other side. If the hon. member wants to put a question, let him go ahead.

Mr. Martin: In view of the hon. member's comments on the free enterprise system—he seems to be condemning both this side and the official opposition for supporting that system—I should like to ask him if he is firmly committed against all forms of free enterprise.

Mr. Rodriguez: It is a delight to answer that question, and as I go through my speech this evening I will unfold before the hon. member the socialist alternative.

Some hon. Members: Oh, oh!

Mr. Rodriguez: The alternative to the laissez-faire free enterprise system.

An hon. Member: Skip that speech.

Mr. Rodriguez: They can call out all they want, Mr. Speaker, but the fact remains that they have given every single thing to the private sector. What more can you give? They have given tax concessions, they have given grants, they have given them all sorts of tax breaks, but where are the jobs? Just answer that question.

Now I will present to you the socialist alternative. Here we have in Bill C-11 further give-aways. We have here a $1.2 billion give-away to the corporate sector. On what analysis of the economy is that based? Is there any strategy, is there a sector by sector analysis of the economy with respect to what is wrong with the mining sector or the manufacturing sector?

Have ministers delineated those sectors and examined them? Is the mini-budget they presented in Bill C-11 designed with that sort of analysis in mind? No, it is not, not at all. It is just dropped in a vacuum because they have to win back the corporate sector in terms of electoral support. There is an election coming up next spring so their bagman has to go around collecting money from the corporate sector.

The Postmaster General (Mr. Blais) has been tripping through northern Ontario. He is the guy who has to bring back three NDP seats. They had him tripping to INCO and Falconbridge, but nobody told him they are supposed to be in economic trouble and cannot contribute much. What this bill is doing is again giving $1.2 billion to the corporate sector, with no kind of strategy. It is dropping that sum of money into a vacuum.

The Prime Minister said we must stimulate productivity. The manufacturing sector in this country is operating at only 80 per cent capacity, so why are we stimulating the economy to produce goods we cannot sell?

Coming close to home, a couple of weeks ago INCO laid off 3,400 people effective in February of 1978. Under Bill C-11 INCO will get $10 million to stimulate productivity. I suggested that they should stockpile nickel, but the Prime Minister said that stockpiling is not the answer because one has to sell the nickel. But I ask you, will giving $10 million to INCO help sell the nickel that is stockpiled now? If it would help sell nickel, I would give them $40 million so we could keep the jobs. But I know it will not sell the nickel, and yet INCO will take the $10 million.

Here we have a government that will hand out $1.2 billion in complete isolation, regardless of whether those sectors need the stimulation or not. Everybody gets it, it is carte blanche, it is a blanket approach which has not worked in the past, will not work now, and in fact will never work.

The problem raised by the INCO lay-offs is very important because it brings into focus the problems with respect to the economy of Canada, it brings them effectively into perspective. Here you have a resource economy. You have here a country that has depended for a long time on taking resources out of the ground and selling them. We have never looked on the resources of Canada as the key to unlocking greater sources of wealth. I see here the hon. member for Don Valley, the man who made a great speech in Toronto and said we should not be ashamed to be known as hewers of wood and drawers of water, and we should sell those resources.

Mr. Gillies: I never did.

Mr. Rodriguez: That was the Gillies give-away stand. We have never looked at those resources as the key to unlocking greater sources of wealth for our country. What we have done with the handouts and tax concessions given to companies like INCO is to speed up exploitation of the resources in the ground. This is called high grading. They have taken the highest ores out very quickly and made money. Then they move beyond the borders of Canada and establish what is called in the corporate world, "market dominance" in other ores, especially lateritic ores.

• (2122)

I recently appeared on the "Sunday Morning" CBC radio program with the president of Noranda, Mr. Alfred Powis. He said that if INCO had not gone to Indonesia and Guatemala some other country would have gone, and asked me if it was not better that INCO should go. I was amazed to open a newspaper a few days later and see that same argument made by the Minister of Industry, Trade and Commerce (Mr. Horner). I relished the opportunity to respond to that type of question, Mr. Speaker. As I said to Mr. Powis, that is a legitimate goal for INCO. If I were on the board of directors I would want to establish market dominance in lateritic ores in Indonesia and Guatelama. But the question must be asked if that is a legitimate goal for Canada.

Does our government exist, does our tax system exist, does our economic system exist to give INCO, Falconbridge, Noranda and Alcan market dominance? Are we monkeys on the corporate string? I say we are not, and anyone in this Chamber worth his salt as a Canadian would say that is not acceptable. That has not been said, Mr. Speaker. Hon. members opposite have crawled and purred like tabby cats. When the catnip is whipped in front of them they purr and do not say anything to INCO.

Are the goals for INCO the goals for Canada? Are we saying what is good for INCO and Falconbridge is good for Canada? I say they are not. We have been caught, however, and have to continue giving them tax concessions because they hold a sword of Damocles over our heads and say they will close down completely if the tax concessions do not continue.

Just to point out how phony some members on the Liberal benches are, Mr. Speaker, I should like to refer to a speech made on behalf of the Minister of Indian Affairs and Northern Development (Mr. Faulkner) by the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) in Yellowknife when he said:

> It is clear from recent experience that anticipation of major projects is fragile footing for economic development. It is also the case that even when a major project does proceed, local benefits may be few or the local economy ends up dependent on a single economic activity. Look at Sudbury today or the Yukon during the Anvil strike and you'll understand what I mean. For the long term development of a northern economy, we must avoid hanging our hopes solely on the development of non-renewable resources.

The Liberals have been selling out this country for the best part of 50 years and this member admits it. They have sold us down the drain. Their policy depends on the exploitation of our non-renewable resources without any concept of how that policy fits into a national economic plan or strategy. A national economic plan is the first thing we have to look at, and then consider the role of resources within that strategy.

When INCO came to Canada it was the last of the J. P. Morgan enterprises that was not broken up. He moved the operation to Canada in 1928 because at that time the United States government was starting to break up monopolies. He is reported to have said that Canada was a sanctuary from high taxes and the threat of anti-trust. *Forbes* Magazine could have

added a further description of Canada, namely, no interference from Canada's elected representatives, either provincial or federal, in terms of economic planning and social accountability.

Where is the social accountability in INCO laying off 3,400 workers? There is no social accountability whatsoever in the way corporations operate in this country. What more could we have done? Under the government's policy of non-interference what more could we have done for INCO? Their taxes have already been deferred to the tune of $378 million, and the Economic Development Corporation gave them low interest loans of $70 million in order to move into Guatemala and Indonesia. They have been given depreciation allowances, "Roads to Resources" grants, postponements and alterations of their pollution abatement programs, and even a pollution abatement grant of $15 million to INCO for the "super stack", but there is no recourse for residents whose property has been damaged by pollution from the two operations in Sudbury to obtain compensation.

The company has been notified when government inspectors were coming to see the premises to ensure that they complied with the safety laws. The province has allowed a suspension of overtime certificates, and so the company could have the workers on overtime to accumulate the present seven-months' stockpile of nickel at Port Colborne and Sudbury. Bill C-11 is a $10-million reward to INCO for eliminating 3,400 jobs in the Sudbury Basin, Thompson, and Port Colborne.

We could not have done anything more for them in terms of handouts, and how did they show their gratitude? The Minister of Employment and Immigration (Mr. Cullen) told this House that he was only notified the night before the public announcement, of the layoffs. The minister of labour in Ontario was also informed the night before. So INCO did not even take the federal and provincial governments into their confidence.

● (2132)

In an interview with a Toronto *Star* reporter the vice-president of INCO, Mr. W. Curlock admitted that there is no doubt that third world countries like Indonesia and Guatemala are much more likely to act against INCO if it took measures which would seriously affect their social and economic development programs.

They would not even try that stunt in those countries. We have always criticized third world countries as being banana republics, but we have become the banana republic of North America. We have allowed them to come here and operate in any way they want. We have consistently stood on the sidelines and said, "free enterprise, free enterprise, free enterprise". Now we find ourselves having given away our resources and mortgaged the future of the country, and we have no jobs to show for it all.

None of the bulk of research and development for INCO is done in Canada. It is done in the United States and Great Britain. None of the research and development in Falconbridge is done in Canada. We have not reaped the benefits we should have with relation to our resources.

And when these companies do not get their way we get threats. For example, I attended a luncheon where Mr. Jack McCreedy, President of INCO, Canada, spoke. He said there were three factors affecting INCO in Canada. That remark was made months before the announced lay-offs. The three factors he put forward were the following. He said that the federal and provincial governments were taxing INCO to the hilt. Second, he said labour costs had a nullifying effect on the company's ability to sell its nickel. Third, he said there was pressure being brought to bear on the government by interest groups in society with respect to environmental clean-up in the mining industry. He said this was forcing the company to put out extensive amounts of capital to improve the environment and clean up pollution at INCO plants. He said these were all negative factors with respect to the carrying on of business in this country. That was a very clearly implied threat.

Then we have the speech of Mr. John Bonus, who was speaking to the Association of Mines' Ministers in Quebec this past summer. He said there was close to $2 billion in mining development and expansion projects involving the creation of 18,000 new jobs. He said they were ready to begin, provided relief was given to company taxation rates. Mr. Bonus is the managing director of the Mining Association of Canada. He was saying there were 18,000 new jobs on the drawing board and $2 billion in mining investment, and all the government had to do was come up with the appropriate tax breaks and concessions and these plans would be implemented. Does this government really know what is taking place in the mining sector of the economy?

We have charged that there is an inability to plan the economy. Because there is a lack of any kind of national economic plan we find that the government is unaware of what the reserves of nickel and copper in this country are.

Why is it that we find that we have to import processed nickel from the Philippines for the mint in Winnipeg to manufacture coinage?

Why is it that nickel carbonate has to be imported from the Philippines, unloaded at Vancouver, and sent to the Sherritt Gordon Mines at Fort Saskatchewan for refining? The Minister of Energy, Mines and Resources (Mr. Gillespie) said that the process at the Sherritt Gordon refinery at Fort Saskatchewan is different in terms of the kind of nickel carbonate produced in the Sudbury operation. Chemical engineers tell us that that is a lot of malarkey. Nickel carbonate is nickel carbonate, and there is no reason in the world why the Sherritt Gordon operation cannot use nickel carbonate from the Sudbury operation. Keep in mind Sherritt Gordon closed its nickel mine at Lynn Lake last year and laid off some 300 workers, yet we find that the same company is being allowed to bring in nickel carbonate to this country to process at their smelter at Fort Saskatchewan.

Why is it that Falconbridge is permitted to ship nickel matte from its operation in the Sudbury Basin to be refined in its refinery in Norway, while at the same time the INCO refinery

at Port Colborne is laying off workers because it cannot keep up its refining capacity?

There is only one logical conclusion, and that is that there is no strategy. The left hand does not know what the right hand is doing with respect to the various sectors of our economy. The Minister of Industry, Trade and Commerce was very surprised to find out that the Japanese have had a temporary import tariff on processed nickel into Japan. At least the Japanese are well aware of the need to protect their refining sector with respect to nickel and copper. We in Canada seem to be the only ones in the world who believe in free trade. The Japanese have had a temporary tariff of 13 per cent on imported processed nickel for years now, yet we have no such tariff.

Then we have the spectre of Alcan closing down in St. Lawrence and laying off the whole work force of that town. The whole town is dependent on the Alcan mining company which closed down. Where did it go? It went to Mexico to get the fluorspar it needs for its operations in Canada. Who do you think owns the fluorspar mine in Mexico? Noranda. Mr. Powis admitted that Alcan had a contract with Noranda to buy fluorspar for use in Alcan's Canadian operations.

They must think we are the stupidest people this side of Wonderland. We have allowed them to prostitute us with respect to our resources. We have allowed it. It is not rape, because we have consented to it. We have allowed them to operate in any way they have wished. They shift capital around. And we have no currency control. We have Noranda and Falconbridge laying off workers, and yet those companies just entered into a contract with the Chilean junta to invest $1 billion in Chile to exploit the copper resources there. We say that our currency can go wherever the multi-nationals want it to go.

This government is liable and culpably responsible for the unemployment problem in this country. The government opposite sits there in its arrogance, without responding to the need to say to corporations that the people elected a government, and that the government will set the rules and plan the economy for its people. The government should determine how these corporations are to operate within our system. The government has refused to take that kind of position.

Mrs. Pigott: There is a good company up in Timmins.

Mr. Rodriguez: The hon. member for Ottawa-Carleton (Mrs. Pigott) talks about Timmins. We have the Lang-Muir mine which just laid off 350 workers.

Mrs. Pigott: Not that one.

Mr. Rodriguez: It closed down completely.

Mrs. Pigott: What about the one Canada owns? We haven't had a lay-off there.

• (2142)

Mr. Rodriguez: We have a Texas-Gulf operation in which the CDC owns shares.

Mrs. Pigott: We have not had a layoff there.

Mr. Rodriguez: Texas Gulf is coming. They are moving northward. It is obvious that the natural resources of this country are mortgaged against short-term political gains. One of the sad facts is that once this system gets going, we are caught up in the treadmill of giving and giving.

In 1976 we had a deficit as a result of Canadian funds flowing out of this country in direct investment abroad, mostly in mining. In effect, the government wants to balance that. The only way to do it is to encourage foreign investment in Canada. In effect what we do is get caught in the vicious circle of encouraging more foreign ownership in the economy and all that it entails. The minister can nod her head from behind the curtain like a Punch and Sauvé show.

I was on a T.V. program recently—

Mrs. Holt: Mr. Speaker, I rise on a point of order. Considering the conditions in this House, the bright lights and the noise, I would like to move a motion that we have a quorum of one in this House because this is very hard on us.

Mr. Alexander: What kind of nonsense is this?

Mrs. Holt: I thought maybe the present speaker could stay to make his speech. He has been going on very long. I think he has gone beyond his time.

Mr. Deputy Speaker: I am sure the hon. member would miss the hon. lady. Maybe we should carry on the way we are doing.

Mr. Rodriguez: That is typical of the arrogance of Liberal members. When the heat gets too much, they want to leave the kitchen. That is the Liberal coward's way out. I was on a program the other day with the hon. member for Matane (Mr. De Bané).

Mrs. Holt: On a question of privilege, Mr. Speaker, the hon. member said something about our place being in the kitchen. One of the members suggested that our place is in the kitchen. I think we are doing very well in the House of Commons and can do without that kind of chauvinist remark.

Mr. Rodriguez: I will repeat my remark. I said that is typical of the arrogance of Liberal members, and whenever it gets too hot they want to get out of the kitchen. If the hon. lady does not see herself in the kitchen, that is fine. She can stay here and participate in the debate.

I was on a program not very long ago with the hon. member for Matane, a Liberal member. In response to a question by the interviewer as to what can be done about the economy, he said in a very doleful manner that there is nothing that can be done because the government has lost the will to do anything about the economic problems of this country. At least there is one honest Liberal.

As if to confirm that, on Wednesday, November 16, the Minister of Finance responded to a question from my leader,

the hon. member for Oshawa-Whitby (Mr. Broadbent). My leader asked the following question:

I want to get it very clearly from the finance minister. Is he saying that this corporation can respond in this way, a corporation which is making hundreds of millions of dollars profit annually and which has benefited from the labour of the people in that town for many, many decades, and that there is nothing the Government of Canada can do in face of that action by the Corporation?

The minister replied:

The answer is no, Mr. Speaker.

That is typical. They cannot do anything. They just sit on their hands and warm their seats. If they had any kind of intestinal fortitude, they would call in the president of INCO and the president of Falconbridge. They would tell them not to lay anybody off. They would sit down with them to find ways and means of reducing their production levels of nickel and copper. They should be told that laying off 3,400 workers is not in the best interest of Canada and Canadians, that they should keep on those workers. Then should follow an economic strategy for that sector of the economy.

We in this country have always socialized the losses in the mining industry, never the profits. It is time the government started thinking in a serious way about national economic planning with an investigation, sector by sector. It could then design a budget that fits the needs of that particular sector and present that to parliament, rather than this sort of ad hocery in a vacuum.

Mr. John Wise (Elgin): Mr. Speaker, in view of the closure motion put forth today by the government, I do not intend to take my full time allotment to participate in this budget debate on Bill C-11. I am certain there are many members, if not on the other side, certainly on this side, who want to put forth suggestions and recommendations. That is their obligation and duty as they represent their constituencies.

Sustained opposition to tax measures should not be muffled by a closure motion. Indeed, when warranted, such opposition is necessary and should be encouraged. Sustained opposition has paid dividends in the past, and it would be no problem to recite many examples of them.

For example, the provision for the deferral of capital gains tax on family farms would not have been brought forward by the government in 1972 or 1973 if it had not been for many members of this side making continuous representations. On that point we are convinced that the deferral which now exists on family farms should be extended to partnerships and to farms that are incorporated.

Second, the deferral of a capital gains tax provision, if reinvested in a similar business, would not be in this Bill C-11 if it had not been for members on this side of the House making representations. Another example is the deferral of certain moneys received from compensation payments if reinvested within a two year period. I am convinced we would not have that measure if it had not been for a number of members on this side making representations to ministers of finance. I am certain that provision could be and should be extended to apply to all forced sales.

[Mr. Rodriguez.]

We on this side certainly talked a great deal also about the need to provide incentives to business.

Another example is the removal of legislation to tax earned income payments on death benefits from insurance policies. I recognize that the government has backed off somewhat on that provision. I am certain that over the past number of months members from all sides have received representations from their constituencies. Some may say that many of the representations were from insurance companies and insurance salesmen. I checked my file of correspondence. Although some representations were received from insurance companies and salesmen, many have come to me from a number of policy holders.

This provision has been of great benefit to a large number of people, particularly in the small business community where their only source of backing in a good number of cases is the fact that they hold a fairly good insurance policy and they can rely on that. As far as we are concerned, the government should back off completely from that measure.

● (2152)

Another evidence of the way in which sustained opposition has provided great benefit to the Canadian people is the fact that the gun legislation ended up by being much less offensive than the government had intended.

With regard to the recommendations of the standing committee in connection with the election expenses bill I am sure that if anyone examines the record he must accept the fact that it was members on this side, particularly our leader—

An hon. Member: Which one?

Mr. Wise: An hon. member asks "Which one?" There is no question which one. There has only been one, and with any luck the hon. member who made that remark will be on this side of the Chamber after the next election and the present Leader of the Opposition (Mr. Clark) will be Prime Minister of Canada. A great deal of credit is due the Leader of the Opposition for getting the government to realize the shortcomings of that piece of legislation.

These are but a few of the gains made by the country as a result of sustained interest in debate and because of a vigilant opposition. Many of these gains are still inadequate. Nevertheless, all have been made possible by continuous representations on the part of members on this side.

I shall not quarrel with the incentives offered by the minister to the business community. It is hoped that sufficient stability can be achieved in our economy and that business will be in a position to take advantage of these measures. So far it has not chosen to do so even though most of the incentives available appeared in the budget of March 31. The future does not look particularly promising with controls still in effect, record government spending, a record government deficit, the 90-cent dollar, and continuing confrontation between government and the business and labour sectors.

On the other hand, I must seize this rare occasion to applaud the Minister of Finance upon the introduction of the provision allowing for deferral of capital gains taxes in cases where farmland is sold and the money is subsequently used to purchase similar land. I recognize that this principle applies also to transactions engaged in for the improvement of a business. We in the opposition have been promoting this change for many years. It will enable some farmers to stay in business, and assist others to make improvements which are vitally necessary to the continuance of their operations.

In the past, as hon. members know, farmers have been unable to make what would amount, virtually, to a simple exchange of land to their mutual benefit because of the effects of the capital gains tax upon the transaction. This new provision will assist producers who wish to expand their operations but who were previously reluctant to do so. In addition, perhaps, a few smaller operators will be encouraged to hang on and not to get out of business completely. Unfortunately, this may well be another case of too little too late.

Many of the smaller farmers and operators have already been driven out of business by inequitable tax laws, and I believe the trend to larger holdings will be very difficult to reverse. We on this side do not support the idea that bigger is always better. It will certainly take more than this partial concession by a government which seems bent on destroying family farm operations to bring an end to recent developments. In fact, even in this matter of reinvestment, the new tax provision does not go far enough.

A once-in-a-lifetime exemption from capital gains tax on the sale of farm property could go much further in encouraging producers to expand and improve. It is certainly not too much to ask, and it is far from a radical request. I might remind the minister that there are some in the farm community whose demands stretch further than this. What they are suggesting is the complete elimination of all capital gains tax on the sale of food lands. I should like the Minister of Finance to undertake a study of the financial ramifications of such a move. I am certain the results would indicate massive savings to the industry and a very minor loss to the treasury in terms of total revenue.

Capital gains taxation has resulted in sharp increases in land prices. In most cases, land prices do not really reflect the real value or revenue producing potential of the property concerned. On this subject of capital gains I want to point out that the application of this tax to farm land has resulted in an inflationary increase in the price of that land. Many landowners find, at some point, that they have to sell for one reason or another. Before doing so they usually check with the local office of the Department of National Revenue to determine just how much they would have to pay in the form of capital gains tax consequent upon the sale. Suppose the property were selling for $100,000 and they found they would have to pay $10,000 or $12,000 in taxes on the sale of the land. Automatically they add that amount to the price they are asking, and the net result is an inflationary increase in the price of the land.

All of us have been very much aware of the effect of inflation upon the economy. But the government has certainly failed to recognize the effect inflation is having on the farm community. People in the primary sector of the agricultural industry are very heavy spenders. This is not because of any human failing but because of the demands of their operations. They have no choice. But no adjustments in the area of capital gains tax and the like are made to compensate the industry for the increasing inflationary trend. Small businessmen are adversely affected in the same way.

If capital gains taxes are to remain, I would suggest an upward adjustment of the base value of assets in accordance with an inflation factor to end the taxation of illusory capital gains. It is obvious that in an inflationary economy some or all of the capital gains are illusory in real terms because of the declining real value of money. In Canada unfortunately, I might add, it seems to be declining at a rate faster than most of us can keep up with. What I am suggesting, Mr. Speaker, is an end to this kind of taxation. This position, the minister might note, is winning increasing support among the business community and has already been endorsed by the Canadian Federation of Agriculture, the joint taxation committee of the Canadian Bar Association and the Canadian Institute of Chartered Accountants.

● (2202)

Another related issue to which I and other members have alluded previously is the plight of the farm spouse at tax time. It is almost impossible to believe that such a grossly unfair situation can be allowed to exist in Canada in 1977. Surely our society has progressed further than this. Where else can a person work seven days a week, often 12, 14 or 16 hours a day, yet receive no remuneration whatsoever? For example, the farm wife often makes a very important and crucial contribution to the success of the farming operation. More often than not, her knowledge, influence, and many and varied day-to-day functions are invaluable, yet under our present law a farmer is able to hire and to deduct as an allowable expense almost everybody except his wife. A farm operator can hire his neighbour, his neighbour's son or daughter, even his neighbour's wife, and treat such expenditure as an allowable expense.

The only way that a spouse or other family members who work on the family farm can be entitled to payment is if the farm incorporates. This is often a very long, expensive, and complex procedure, but if this is done they pay lower taxes on the first $100,000 and pay their legitimate labour fees on the farm. But, Mr. Speaker, there is a catch; if they should choose to pass the farm on to the next generation, then they lose the tax deferral provision under existing tax laws.

This represents further evidence of the government's seeming prejudice against family farm operations. We have heard stories about the rage of the farm wife at income tax time, and I am sure we all share that rage. I call upon the government to terminate immediately the perpetuation of such gross indecen-

cies and to put forward some meaningful changes to the tax laws.

I also call upon the Minister of Agriculture (Mr. Whelan) and the Minister of Finance to set up meetings immediately in order to address themselves to these difficulties. If the Minister of Finance and Minister of Agriculture have some problem getting together, I suggest the Minister of Finance should meet with the leaders of the farm organizations of this country, because I am certain both would have a great deal to talk about.

The Canadian Federation of Agriculture has listed many suggestions covering both substantive legislative changes and the correction of the many inequities now present in our Income Tax Act. I heartily concur with the federation's recommendations, some of which I should like to review at this time for the benefit of the Minister of Finance and his cabinet colleagues. For instance, let me consider the provisions to enable a farmer to assign land to an appropriate form of retirement savings plan so he may retain his funds for investment for use on the farm. We have talked about this many times. I know that my colleague, the hon. member for Swift Current-Maple Creek (Mr. Hamilton), has brought this idea forward many times in debates in the past, and I am certain such provision could also be applied to farm income. The result would be an independent, self-financing stabilization plan.

● (2207)

The agricultural industry needs an increase in the present $1,000 per year capital gains exemption on farms to $2,000 per year in order to recognize at least a percentage of inflation since 1971. Provisions are also needed for a statistically determined upward adjustment of valuation day values for farm land, particularly when valuation day coincided with a demonstrable period of abnormally depressed prices. I am certain that many examples could be cited to justify this request. Once again, my colleague from Norfolk-Haldimand made mention of this again tonight.

The government should extend to all grain and livestock producers arrangements for deferral of receipts as now applicable to western grain farmers. It should provide that where the taxpayer lives off the land but continues to operate his farm, and this situation exists on many occasions, his accumulation of $1,000 principal residency option should continue. We should have a provision that if a farmer sells his lands but retains his residence, he should, at his option, be able to take the accumulated $1,000 annual exemption at that time.

We also require a provision for a statutory right for a taxpayer to file an amended return up to two years after the original filing to protect against losses of rights in cases of overpayment of tax. I would ask that the Minister of National Revenue (Mr. Guay), who is here, along with his colleague, the Minister of Finance, take seriously some of these recommendations. Incidentally, they are not my personal recommendations, they are the recommendations of the Canadian Federation of Agriculture, which we certainly support. They include a prescribed annual forgiveness of capital gains for land retained for family farming. I have made mention of that earlier this evening, but I am not going to list all of the recommendations of the federation, although I am sure we could easily support all of them. I just hope that the Minister of National Revenue could take time out of his busy schedule to check some of the recommendations that have been made to the government time and time again by the Canadian Federation of Agriculture.

These are but a few of the recommendations, and these recommendations are worthy of serious consideration and, indeed, support. I think it is time that the government began to become aware of the concerns of the average Canadian, particularly of those in the agricultural industry who have been continuously shortchanged for as long as I can remember.

I conclude by saying that when this bill is before the House on clause by clause study, because of the fact that the government has brought forward a closure motion, that will be the only opportunity for many members to make recommendations on some of its provisions.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I appreciate the opportunity to speak on this bill. I should follow protocol and complement the Minister of Finance (Mr. Chrétien) on his appointment, although I must admit I am torn whether or not I should do so, because I think he was a lot more comfortable in his previous portfolio. The way the Prime Minister (Mr. Trudeau) has been grinding people through this portfolio, I see he is going to be in some difficulty, if not within his portfolio, probably in his health in a little while. I say in all honesty I have always liked this gentleman, and I do not like to see him tortured in this particular portfolio the way I know he is and must be. As a matter of fact when I saw him tonight I thought he already looked excessively tired. I can understand that; it is probably the most difficult job in the government. It is certainly a more difficult job than the Prime Minister's because I think he takes his job more seriously than the Prime Minister does.

I was in the House the other day when one of the members was addressing himself to the problem that last spring we passed a measure in this House whereby people who hold bonds now have to give their social insurance number in order to cash those bonds. If they do not have insurance numbers, or they choose not to give them, which is highly unlikely, the bank is required by the government to deduct 25 per cent from their coupons. As far as I am concerned, that is a bad measure. Aside from that, I noted the attention the Minister of Finance gave to the suggestion that the government should take away that provision in order for people to be able to go to the bank and clip the coupons, without suffering the penalty of a 25 per cent deduction. Perhaps the Minister of Finance may be imprisoned by the system in which he finds himself. By personality and conviction, he is a sensitive person. He would like to do what he can in these kinds of exigencies in which he finds himself. I am sure he will look for ways to delete the provision which penalizes these people.

• (2212)

The minister should be complimented for removing the threat of taxation on insurance policies. The government has been flailed continuously for introducing that measure in the House. The government was rightly flailed for that. The government received many representations from our side of the House indicating that this was a bad thing. Perhaps also it received letters from constituents saying that the government should not reach its icy fingers into the grave in an attempt to get money. That underscores the essential problem faced by the government. It sees taxation powers as an opportunity to tax as much as possible, rather than as little as possible. In that the government spends as much as possible, rather than as little as possible, it can easily justify a philosophy of taxing as much as possible. When the government realizes it has missed an opportunity to tax, it looks upon that as a loophole.

Until now insurance policies and their interest have not been taxed as accrued savings. Now the government considers that to be a loophole. Surely everyone is justified in plugging a loophole, which is acceptable if in fact it is such. Over and over it has been demonstrated by the government that part of its philosophy is to tax as much as possible.

Mr. Young: Mr. Speaker, I rise on a point of order. I wonder if the hon. member would permit a question?

Mr. Friesen: I would permit an intelligent question, but I am not sure I will receive one from this hon. member.

Mr. Young: Mr. Speaker, I can provide the hon. member with an intelligent question. I was interested in his comments regarding the necessity of having a social insurance number when cashing in coupons or Canada Savings Bonds, and the fact that a person would suffer a 25 per cent deduction if he has no social insurance number. I should like to indicate that not all Canada Savings Bonds and coupons are held by the proper holders. As I am sure the hon. member is aware, some get lost and some are stolen. The fact that a person would be required to have a social insurance number in order to cash his bond or coupon could make it possible to trace the cashing of a lost coupon or bond. I am putting a question to the hon. member. Does he not agree that there are benefits? I am putting the question to him.

• (2217)

An hon. Member: Then be brief.

Mr. Young: I will be brief, and I will tell the hon. member for Hamilton West (Mr. Alexander) that I can give him a specific case in point which would have been quite easy to prove.

Mr. Deputy Speaker: Order, please. The hon. member should stick to the question.

Mr. Friesen: If that is a question, then I would hate to see the hon. member make a speech.

Mr. Young: Answer the question.

Mr. Friesen: It is plain to see, if that is a question, why he is still a bachelor.

Some hon. Members: Oh, oh!

An hon. Member: That was a low blow.

Mr. Friesen: Yes, that was a cheap shot, but I could not resist it.

Mr. Alexander: We apologize on this side.

Mr. Young: Answer the question.

Mr. Friesen: The question of the hon. member—

An hon. Member: You have forgotten the question.

Mr. Friesen: The time has come for us to be serious.

Some hon. Members: Hear, hear!

Mr. Friesen: The trouble is that the government takes all of its taxation powers very lightly and it taxes so glibly that it does not mind walking all over the people in the process. The hon. member raises a very good point, but anybody who has had experience with bonds knows that they must be countersigned. At the same time there is no certainty that you will eliminate all the injustices in society. The President of the Treasury Board (Mr. Andras) looks at me. I think he is saying that I am right and that what I am saying is true, because he has had experience in the Department of Employment and Immigration and knows that we cannot build a wall high enough to ward off all injustices.

Let me come back to what the hon. member for Niagara Falls (Mr. Young) raised, that is, the matter of the coupons. He knows very well that there are elderly people who have never had a social insurance number. Will they now have 25 per cent taken off those bonds? It seems to me that it is trying to kill a mosquito with a steamroller, which is hardly justified.

I want to raise another point, and I hope the hon. member for Niagara Falls will agree with me on this one. I received a representation from a group of firemen in my constituency some time ago which raises another important point with regard to taxation policy, that is, that the government very easily, sometimes through oversight, makes money on inflation through its policy on deductions. In this case I was asked if I would make representations to the Minister of Finance to have section 5(1)(viii) on the subject of income revised. The section reads as follows:

Such part of the aggregate of allowances received by a voluntary fireman from government, municipality . . . as does not exceed $300.

That was put into the Income Tax Act ten years ago. Since that time allowances to volunteer fireman have at least doubled, if not tripled and quadrupled in some cases depending on the municipality, and yet the deduction is still $300. Inflation has put a burden on these people because the deduction has stayed the same but the tax has increased. Here is where I take some heart from the nature of the Minister of Finance. I believe he listens and he wants justice for the people of

Canada. I hope he will take this as a representation that the deductibility be raised from the present $300 to at least $1,000. It would make a lot of volunteer firemen very happy. They take their lives in their hands at a fire, and are then penalized by the tax department for volunteering. I hope the minister will increase the deduction so that there will be greater benefit for them and they will not be punished for volunteering in the first place.

• (2222)

The third point I should like to make is that this country has fallen behind the United States in the matter of insurance on moneys on bank deposit. At the moment the ceiling in this country is $28,000 and that sounds a lot, of course, to people who do not have a great deal of money. We need to encourage the lending companies in this country, however, to enlarge their investment pool. In the United States the insurance on savings has been raised to $40,000 to keep up with inflation. We have not done this, and I suspect there is a great shift of savings from bank accounts into such things as coin collections, antiques, stamp collections or property. This takes money out of the liquid pool which could be used for reinvestment and for keeping the economy moving. People are doing this to avoid the hazard of investing in a lending institution that does not have adequate insurance. Only an insignificant increase in premium would be required to raise the level of insurance to $40,000. Certainly many people would feel more secure about putting money into savings accounts if they knew the insurance was keeping up with inflation.

The fourth point I come to was raised by the hon. member for Elgin (Mr. Wise) and also by the hon. member for Norfolk-Haldimand (Mr. Knowles), and that is the tax on farmland that is passed on to another member of a family. British Columbia has had experience with land freezes, and in the last four or five years the cry has been "save the farmland." It was a well-intentioned but nervous cry. However, it was also accurate as more and more farmland is being put into non-productive uses. In too many cases the land that could be most easily developed was good farmland and it was subdivided for residential or industrial properties, a further loss in the food production that we are going to need in future. We will be sorry in later years that we have done this.

The cry has been to save the farmland, but it seems to me that approaches the problem from the wrong direction. If this government focused on saving the farmer, we would not have to worry about saving the farmland. If the farmer could make an honest living we would not have to worry that he might look forward to the day when he can subdivide his farm and retire on the income that produces. We would not have to worry about that. If farmers could get a fair living out of it—and we know they are honest—they would not worry about looking to the day when they could subdivide their property and live off the money they would get from that subdivision, and we would not lose it to the land developer. We have to address ourselves to that problem. I agree with the hon. member for Elgin and the hon. member for Norfolk-Haldimand that if the government would take away the capital gains tax on land which is passed on through the family and protect the family farm in that way, we would go a long way toward saving the farmer, and we would not have to worry so much about saving farmland.

• (2227)

There are many other reasons why the farmer is finding it difficult. I think of tariffs. I think, for example, of mushroom farmers in my constituency who are facing an inundation of very cheap, high quality mushrooms, which are being imported from Taiwan and Korea. There is no way, considering the labour force in those countries, that our farmers can compete, except on the fresh mushroom market. The same is true with regard to wax beans, green beans, and all those vegetables which are being canned at almost dumping prices in those Far Eastern countries. Those vegetables are being brought into our country at not much more than half the price for which those same domestically grown vegetables are being marketed, and we are expected to save the farmer. We must get serious about looking after the farmer, and then we will not have to worry about looking after farmland.

I see that it is one minute before 10.30. I wonder if I may call it 10.30 and carry on tomorrow.

Mr. Deputy Speaker: Is it agreed that we call it 10.30?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being 10.30 p.m. this House stands adjourned until tomorrow at 2 p.m.

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